

# Report and Accounts 2013

International HIV/AIDS Alliance



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# International HIV/AIDS Alliance

The Trustees of the Alliance are the charity's trustees under charity law and the directors of the charitable company.

## Trustees

Dr Carmen Barroso  
(resigned 25 April 2014)  
Mr Jan Cedergren (retired 25 April 2014)  
Mr Martin Dinham  
Ms Angela Gomez (appointed 25 April 2014)  
Mr Zhen Li  
Mr Callisto Madavo  
Ms Andrea Marmolejo  
(appointed 25 April 2014)  
Dr Kevin Moody  
Ms Kanini Mutooni  
Dr Carole Presern  
Mr Prasada Rao  
Dr Nafis Sadik (retired 25 April 2014)  
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**Company registration number**  
2883774

**Charity registration number**  
1038860

## Website

[www.aidsalliance.org](http://www.aidsalliance.org)

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Using dance to raise awareness of HIV in Ethiopia © Benjamin Chesterton\duckrabbit\  
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Shilla, a young mother and member of an SRH awareness raising group in Bangladesh © Alliance

# Report of the trustees

for the year ended 31 December 2013

The trustees of the Alliance present their Annual Report for the year ended 31 December 2013 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year.

The International HIV/AIDS Alliance ('the Charity') is registered with the Charity Commission for England and Wales under number 1038860. The Charity functions as the secretariat for a global alliance of nationally-based Linking Organisations and Country Offices working to support community action on HIV and AIDS in developing countries ('the Alliance'). (The terms 'Linking Organisation' and 'Country Office' are explained in the 'Organisational structure' section of the Trustees' report on page 4). The names of the Charity's Trustees and Executive Director are shown opposite, on the inside front cover, as are details of its registered office (where the Secretariat is based) and the names and addresses of its bankers, solicitors and auditors.

## Objectives and activities

### Objectives

The Alliance's vision is a world without AIDS. The objects of the Charity, as stated in its memorandum of association, are the specific pursuits through which the Alliance aims to make that vision a reality. These objects are:

- the advancement of health throughout the world, particularly in relation to HIV and to sexual and reproductive health
- the promotion of the effective use of charitable resources by civil society organisations advancing health, particularly in relation to HIV and to sexual and reproductive health
- the promotion of human rights (as set out in United Nations conventions and declarations) particularly by the following means: relieving need among the victims of human rights abuses; research into human rights issues; educating the public about human rights; providing technical advice to government and others on human rights matters; raising awareness of human rights issues; international advocacy on human rights; and eliminating infringements of human rights
- the relief of poverty or other charitable need among people affected by HIV, including their families and dependants, in addition to ensuring that they are healthy
- the promotion of equality and diversity by the elimination of stigma and discrimination in relation to people affected by HIV.

The Charity's mission, in furtherance of its objects, is to work with communities through local, national and global action on HIV, health and human rights. The Charity aims to help communities in developing countries play a full and effective role in the global response to AIDS, and in particular is committed to:

- meaningfully involving people living with HIV in all aspects of its response to the epidemic
- reducing vulnerability, stigma, violence and discrimination
- strengthening the capacity of communities to respond to HIV and other health, development and human rights priorities
- working in both high- and low-prevalence countries with key populations – groups that are likely to affect, or be affected by, the spread of HIV.

During 2013, the work of Linking Organisations, Country Offices and the Secretariat all supported the achievement of the Charity's objectives for the year, and the overall objectives set out in 'HIV, health and rights: sustaining community action', its strategic framework for the period 2013-20.

## Structure, governance and management

### Organisational structure

The Charity was incorporated as a company limited by guarantee on 24 December 1993, and is registered with Companies House under number 2883774. The Charity's governing document is its memorandum and articles of association.

### Country Offices and Linking Organisations

The support of community responses to the HIV epidemic has always been central to the Alliance's strategy. In the countries in which it operates, the Charity aims to identify independent, national non-governmental organisations (NGOs) that can act as 'Linking Organisations' to support other NGOs and community-based organisations within those countries. We see an alliance of national Linking Organisations with strong international connections and shared values as the best way to support community action on HIV. The accreditation process (see below) is used to assess organisations wishing to join the Alliance; if accredited, organisations sign the Alliance Charter and Linking Agreement, the document that formally links Alliance members. The Charter and Linking Agreement sets out the principles behind the Alliance and explains how its members work together to put these principles into practice.

In some countries, the need for urgent action and quick results meant that there was no time to select, support and build the type of relationship that would enable a Linking Organisation to be established from the very beginning. In those situations the Charity set up Country Offices, with the intention that they should evolve into independent Linking Organisations. The legal status of the Country Offices (the term includes subsidiaries and branches) varied depending

upon the requirements of the relevant national government and the needs of the Charity's programmes in that country. As at 31 December 2012, the Charity had Country Offices in China, India, Myanmar, South Sudan, Uganda and Zambia. During 2013, the offices in India, South Sudan and Uganda transitioned to independent Linking Organisations and those in China and Zambia closed. The Charity aims to transition its remaining Country Office in Myanmar to an independent Linking Organisation by the end of 2014.

The Charity has a fundraising and policy office in the United States and is registered as a Foundation in Thailand, where it has a regional representative office, for administrative purposes. The US office and the Thai Foundation, which serve policy and representative purposes rather than programmatic functions, will remain subsidiaries of the Charity.

### **Technical Support Hubs**

The Alliance has a network of seven Regional Technical Support Hubs in Africa, Asia, and Latin America and the Caribbean. The Hubs offer technical support to Linking Organisations and other civil society organisations to strengthen their leadership and capacity, and to governments and other institutions to enable them to work effectively with civil society. All seven Hubs are hosted by Alliance Linking Organisations, as detailed on the back cover of this Report and Accounts.

## **Governance**

### **Trustees**

The Charity is governed by its Board of Trustees, the highest policy-making body within the organisation. The Board approves the Charity's strategic framework and is responsible for ensuring that the organisation's broad policies and strategies are in keeping with its mission. At their twice-yearly meetings (which take place over two days) the Trustees authorise annual operational plans, funding requests and programme priorities, decide annual budgets, approve accounts and review organisational risk. The Trustees also select and appoint the Charity's Executive Director.

The Trustees are Directors for the purposes of the Companies Act 2006. When new appointments to the Board are sought, preferred skills and experience are identified through an audit and the positions and desired profile(s) are advertised. Applications are discussed and appointments confirmed by the full Board. In accordance with the memorandum and articles of association of the Charity, Trustees are appointed for an initial three-year term, and may not serve more than three consecutive terms of office. Appointment of Trustees is by resolution of the Board. Training is arranged for all Trustees, while induction procedures inform new Trustees about the Charity's operations.

## **Finance and Audit Committee**

The Finance and Audit Committee reports to the Board of Trustees and comprises up to eight members: up to five Trustees and up to three external members. The current external members are: Jon Barton, Head of Investment Bank Risk, Governance and Policy at UBS, and Peter Freeman, former Chair of the Committee and an Alliance Trustee until his retirement from the Board in 2011. The Committee meets twice a year, and its responsibilities include the review of the Charity's annual budget in advance of discussion by the Board of Trustees; review of the statutory accounts of the Charity, the approval of changes in accounting policies; the assessment of risks facing the Charity and the systems put in place to mitigate them; the approval of internal audit plans and review of the effectiveness of the Alliance internal audit function; and the consideration of findings and recommendations of both the internal and external auditors.

## **Policy and Advocacy Committee**

The Alliance's policy work continues to be an important component of the civil society response to HIV, especially in a changing environment, both at policy-making and funding levels. The Policy and Advocacy Committee is a formal mechanism through which Linking Organisations can participate both in the setting of an international policy agenda and in the adoption of advocacy positions that represent the Alliance and are linked to local programme work.

The Policy and Advocacy Committee is responsible for developing and maintaining a global policy agenda for presentation to the Board of Trustees for approval on an annual basis. The Committee comprises up to ten members, including Trustees, senior staff from Linking Organisations, and expert, external members. Mat Southwell is a drug specialist and drug user activist who has worked in the HIV and drugs fields for over 20 years. He brings a breadth of experience and insights from his work as a drugs practitioner, senior manager, professional head of service, advocate and activist.

## **Accreditation Committee**

The Alliance introduced an accreditation system in 2008 to assess Alliance members against institutional and programmatic standards in order to ensure that the Alliance's membership comprises well-performing, sustainable and credible civil society organisations. The system promotes good governance, organisational management and good practice HIV programming across Linking Organisations and guides the admission of new organisations to the Alliance. The accreditation certification is valid for four years; cycle II of accreditation, during which the Secretariat and all Linking Organisations will be assessed, began in 2013.

The Accreditation Committee oversees the accreditation system. The Committee comprises up to three Trustees, four Linking Organisation representatives at either board or senior management level, and a senior staff member of the Secretariat.

## Management structure

The Executive Director manages the Charity on a day-to-day basis, coordinates and directs the three secretariat departments (Field Programmes, Corporate Services and External Relations) and the Legal, Risk and Compliance Team, and reports to the Board of Trustees at its biannual meetings. He leads the Charity's Senior Management Team (SMT), which comprises the Executive Director, the three Departmental Directors, and four Associate Directors.

The SMT usually meets on a weekly basis to review and take decisions about (among other things), the development and implementation of operational plans; financial, planning and other management systems; changes in organisational policies; and the creation of new staff positions. Significant decisions – such as the approval of organisation-wide strategy, annual workplans and budgets – are subject to approval by the Board of Trustees.

Annual meetings of SMT members with the Directors of Country Offices and Linking Organisations facilitate direct discussions on Alliance-wide issues. Regional 'blue sky weeks', held in-country with senior programme personnel and local office and Linking Organisation staff, also help to maintain close links with operations worldwide.

## Grant-making policy

The Charity grants funds to Linking Organisations. Linking Organisations then support other non-governmental organisations (NGOs) and community-based organisations (CBOs) within their countries by sub-granting the funds received. On rare occasions the Charity also grants funds directly to programme-implementing organisations ('implementing partners').

The Charity has a comprehensive onward granting policy and procedures manual that provides clear guidelines on the criteria for awarding grants to NGOs and CBOs, to ensure that accountability and transparency is maintained. The manual includes detailed tendering processes, as well as guidelines on matters such as how to establish selection criteria, how to engage external stakeholders in the selection process, how to carry out programmatic and financial assessments, how to support and monitor grantees and what to do when there is a need to 'close out' the grant. Grant renewal is subject to performance, review and replanning.

## Risk management

The Charity has systems and procedures in place that enable the identification, assessment, management and mitigation of the risks to which it is exposed. The Trustees review the organisational risk register and the proposed risk management plans at their biannual meetings.

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

- **Risk identification and assessment.** The strategic responses outlined in the Alliance's strategy are translated into focused strategic objectives and significant risks are mapped to the objectives. The SMT is responsible for risk assessment being embedded in the Charity's planning, operational and decision-making processes.
- **Risk registers.** Secretariat teams maintain team risk registers which are reviewed regularly by departmental directors. Team risk registers inform the organisational risk register, which is the responsibility of the SMT. Critical risks are monitored on an ongoing basis by the SMT, a process which includes monthly review of the organisational risk register.
- **Risk mitigation strategies.** Systems and controls to be put in place to mitigate risks are identified by the SMT, working with the Legal, Risk and Compliance Team and the heads of other teams. These strategies are implemented by the relevant teams.
- **Internal audit.** Monitoring and review of the risk mitigation strategies is carried out by the internal audit function, which sits within the Legal, Risk and Compliance team. The internal audit function focuses primarily on the monitoring of risks in Country Offices and Linking Organisations.
- **Reporting.** The Board of Trustees is presented with the organisational risk register and proposed action plan at each Board meeting. Review of the risk register is a formal item on the agenda at the Finance and Audit Committee's bi-annual meetings, and the chair of the committee is updated regularly on any significant new risks or changes to the register by the Executive Director or the Director of Corporate Services. The Finance and Audit Committee reviews the risk register, assesses the adequacy of existing controls, and reports its findings to the Trustees.

The Trustees have identified the following major risks to which the Charity is exposed:

- funding issues due to changes in donor priorities
- failure of strategic initiatives
- governance and programmatic shortcomings at Linking Organisations
- safety of staff and consultants travelling overseas

These risks have been reviewed and a risk management strategy is in place.

## Public benefit reporting

The Trustees have paid due regard to the Charity Commission's general guidance on public benefit in setting the Charity's objectives and planning its activities. This report explains the Charity's activities, and demonstrates how they contribute to the Charity's purposes and provide public benefit.

# Strategic report

## Achievements and performance in 2013

### Significant achievements in 2013

- We reached 6.7 million people, a 44% increase on the 4.7 million reached in 2012.
- In 32% of Alliance countries our Linking Organisations contributed 10% or more of the national coverage for HIV prevention, care or treatment.
- There was a 60% increase in the number of people from key populations reached with a defined package of services – up to 762,000.
- We more than doubled the number of people reached with care and support – up from 456,000 in 2012 to 1.1 million in 2013.
- 222,000 people were supported with access and adherence to antiretroviral treatment, up from 41,000 a year earlier.
- 1.2 million people were reached with integrated HIV and sexual and reproductive health (SRH) or HIV and tuberculosis (TB) services, an increase of 59% on 2012.
- 14 Alliance-supported organisations monitored and reported human rights-related barriers to accessing HIV and health services.
- 17 Linking Organisations were involved in law reform initiatives.
- 2,132 CBOs received grants through the Alliance.
- Alliance Regional Technical Support Hubs provided 9,200 days of technical assistance, bringing the cumulative total of assistance provided to over 30,600 days in the last five years.
- Total Alliance global income was \$132.5 million in 2013.

### HIV, health and rights strategy: the first year

2013 was the 20th anniversary of the Alliance and the first year of our new 2013-20 strategy, *HIV, health and rights: sustaining community action*. This new strategy sets out measurable goals to be achieved by 2015, and shapes the direction of all parts of the global Alliance to bring about a world without AIDS.

The strategy highlights that despite many positive developments, the HIV epidemic is continuing to result in millions of deaths every year. Millions of people are also denied their human rights, and experience ill health, isolation, abuse and financial insecurity as a consequence. The strategy responds to a number of critical external factors: the unfinished Millennium Development Goals; the rapid withdrawal of development financing from middle-income countries; a more inclusive model of country ownership; and scientific breakthroughs that present new opportunities to end AIDS.

At the heart of the strategy is the ambition to bring about healthy people, stronger health and community systems, and inclusive and engaged societies. To achieve this we are focusing on three key responses: increasing access to HIV and health programmes, supporting CBOs to be connected and effective

elements of health systems, and advocating for HIV, health and human rights. Key populations are still stigmatised, discriminated against and criminalised, so the strategy aims particularly to target and support these groups.

This first year of the strategy saw good progress, with all our milestones met or significantly exceeded. However, while we have started implementing our strategy on a good footing, there were troubling developments during the year with a worsening environment for key populations in many countries. For example, there was the shock of last December's Section 377 judgement in India's Supreme Court, and anti-homosexuality bills passed in Nigeria and Uganda. These are significant steps backwards and increase the challenges for us to deliver our new strategy.

This report sets out our key results during 2013 under each of our new Strategic Responses. A significant increase in people reached through large Global Fund supported programmes, such as the Vihaan programme in India, has led the Alliance to achieve and even exceed many of its targets. Alliance India contributed almost a sixth of the Alliance's global reach, mainly through the Vihaan programme. We are unlikely to see similar increases in 2014-15.

In addition, as part of the new strategy, we introduced a number of new indicators for which there were no baselines set. As we have exceeded targets on a few of these indicators, we will adjust our annual milestones and baselines to maintain the ambition of our strategy. For the first time the Alliance is also attempting to show the global outcomes resulting from our strategic responses. This builds on the previous three Alliance strategies, where we have mostly focused on reporting on our results as outputs and service delivery targets. Measuring outcomes is complex, so an evaluation project is in progress that will provide data from 2015 for most of the proposed outcome indicators.

You can find more information about our work, achievements and impact during 2013 on our website.

**Strategic Response 1: Increase access to HIV and health programmes** resulting in healthy people and leading to improved health outcomes

Under SR1 we committed ourselves to integrated health programmes. Our results demonstrate how we have prioritised programmes that prevent HIV infection, increase access to HIV testing and counselling, provide care and support, and improve access and adherence to antiretroviral treatment. The results also show how we have promoted integration of HIV prevention and care into SRH and TB services and worked to create an enabling social and legal environment for HIV services, especially to key populations.

As well as results targets we have three new outcome indicators for SR1. These assess the degree to which Alliance-led community action contributes to improved health outcomes through (1) increasing access to treatment, (2) integrating HIV into SRH services, and (3) scaling up the Alliance model of community action to national scale. We have reported on the third indicator below; by 2015 we will have collected data to report on the other two indicators.

## Outcome indicators

### **32% of Alliance countries contributed 10% or more of the national coverage for HIV prevention, care or treatment as reported to national HIV coordinating bodies or based on population size estimation 2013 milestone exceeded (22%)**

In Burkina Faso, Cambodia, China, Ecuador, India, Malaysia, Myanmar, Namibia, Senegal, and Ukraine our Linking Organisations contributed 10% or more of the national coverage for HIV prevention, care or treatment, as reported to national HIV coordinating bodies or based on population size estimation. This included China, where AIDS Care China contributed 15% of the state targets for people on antiretroviral treatment in Yunnan, Guangxi and Sichuan provinces – three of the five provinces where 90% of people living with HIV in China are found.

Many Linking Organisations are far exceeding our 10% coverage target. For example, in Burkina Faso IPC contributed 80% of the national target total for sex workers reached through sensitization groups, Khana contributed 48% of most-at-risk populations reached by HIV prevention in Cambodia, and Alliance Ukraine contributed 100% of people who inject drugs reached with prevention.

## Results:

In 2013 **6.7 million people were reached** with prevention, care, treatment and integrated health services – a 44% increase from 2012. This included 3.4 million in Asia and Eastern Europe, 3 million in Africa, and 254,000 in Latin America and the Caribbean.

- Alliance **India** reached 1.4 million people, working through two key programmes. The Vihaan programme ran 225 care and support centres in 31 states, while Pehchan ran the largest programme for men who have sex with men supported by the Global Fund.
- ANCS in **Senegal** reached 870,500 people and Alliance **Ukraine** reached 610,400.

### **1.1 million adults and children with HIV enrolled in HIV care services 2013 milestone exceeded (500,000)**

- Community-led support to people enrolled in care and treatment programmes increased by 139% to 1.1 million, largely driven by Pechan in India
- This included major scale up of support for antiretroviral treatment access and adherence, reaching 222,000 people in 2013 compared to 41,000 a year earlier.
- We doubled the number of children reached with care and support to 338,000. The SUNRISE programme in **Uganda** became our largest ever children's programme, reaching 147,000 children.

### **942,000 women and men aged 15-49 received an HIV test 2013 milestone exceeded (600,000)**

- We supported 60% more people with voluntary counselling and testing. It is critical for more people at risk to know their HIV status so those who are positive can receive counselling and treatment support.

### **1.2 million people reached with integrated HIV/SRH or HIV/TB services 2013 milestone exceeded (800,000)**

- The reach of our integrated HIV/SRH and HIV/TB services increased by 59%.
- Most of this growth was driven by existing programmes supported by the Global Fund in Senegal. ANCS in Senegal reached 396,000 women with integrated HIV/SRH services; 16 other Linking Organisations also scaled up their integrated HIV/SRH programming.
- Work began on an ambitious, five-country SRH and HIV integration programme, Link Up, which aims to reach close to one million young people in **Bangladesh, Burundi, Ethiopia, Myanmar** and **Uganda**. In 2013 much of the work was preparatory, but nearly 24,000 young people from key populations were reached. In addition, 95 new service delivery points offering integrated services were established and 220 service providers received training on integration.

### **762,000 people from key populations reached with targeted HIV prevention activities 2013 milestone exceeded (500,000)**

- We reached 60% more people from key populations year-on-year with prevention activities. Men who have sex with men were the largest group (36%) closely followed by people who use drugs (35%), sex workers (25%) and transgender (4%).
- SHARP, our four-country programme working with men who have sex with men in Kenya, Tanzania, Uganda and Zimbabwe, reached 2,780 men in the first year of the project – despite not being able to start work in Uganda and a general deterioration in the environment for working men who have sex with men. Twelve Linking Organisations in Africa now work with men who have sex with men.

- Our CAHR programme in China, India, Indonesia, Kenya, and Malaysia has now provided services to a total of 50,900 people who use drugs. KANCO in Kenya reached over 1,700 drug users (from a standing start in 2010) with support from Alliance Ukraine.

Through our wider prevention activities we distributed over 39 million condoms and nearly 5.4 million sachets of lubricant. We also increased the number of people we reached with initiatives to reduce stigma and discrimination by 82%, to over 858,130. In Cote d'Ivoire, ANS-CI provided support for prevention of parent-to-child transmission to over 21,000 women.

### Principal risks and uncertainties:

- As part of our new strategy we made a commitment to make more use of new prevention and treatment technologies. This has proved more of a challenge than expected. While the Alliance works in nine of UNAIDS' 16 priority countries for voluntary male circumcision, only five Linking Organisations in total were involved in these programmes.
- As we described in our strategy, progress towards our vision of ending AIDS also requires the Alliance to become more relevant and focused in fragile states and 'creating sustainability' for community responses in middle income countries. On these two fronts work has started but emerging experience is only enough to corroborate what we already knew: that both of these endeavours are going to be very challenging. We need to address our work in these areas.
- We also committed to concentrate on countries where we could have the greatest impact. Work to rebalance our programmes continues – particularly to increase our impact in Southern Africa where nearly 12 million people live with HIV. Work here is focusing on key populations and those most affected by gender-based violence.
- In recent months South Sudan and Ukraine have gone through political turmoil which has already and may continue to, affect our programming. ACHI in South Sudan has re-programmed to ensure they can respond to the needs of people living with HIV, especially young people, in the camps for internally displaced people in and around the capital Juba. The biggest risk is to our programmes is in Ukraine. Alliance Ukraine accounts for a significant proportion of our results for service coverage (9% of people reached globally) and annual expenditure (25% of global spend). Armed conflict and political instability which begun in 2013 is causing severe disruption. We have already seen the closure of harm reduction operations run by Alliance Ukraine in the Autonomous Republic of Crimea. Political instability will have a significant impact on beneficiaries in Ukraine and also on the Alliance's global results.

**Strategic Response 2:** Support community-based organisations to be effective and connected elements of health systems resulting in stronger health and community systems and leading to an outcome of high performing and sustainable civil society

SR2 focuses on ensuring that CBOs remain connected and effective, high performing and ultimately sustainable as they create demand, deliver services and provide a bridge to government and other services for key populations. Health systems also need to be strengthened so they can address the needs of people most affected by HIV.

### **Outcome indicators:**

**26% of Alliance Linking Organisations received more than 5% of their total funding from non-ODA sources**  
**2013 milestone exceeded (26%)**

Progress on this indicator surpasses our milestones, and included four additional services compared with 2012. This gives us a baseline for this new indicator. The highest percentage of funding from non-ODA sources was 61% for Colectivo Sol (Mexico), 46% for Malaysian AIDS Council, and 45% for LEPRA in India.

### **Results:**

**362,530 completed referrals for people most affected by HIV to access HIV and health services**  
**2013 milestone exceeded (55,000)**

- Completed referrals are quality referrals – that is those that are tracked and followed up with HIV, health, social, welfare, legal, mediation and counselling service providers. 22 services (58%) have both a two-way referral tracking system and receive feedback from the service providers they refer to. They made 362,530 completed referrals in 2013. 1,165 CBOs (55%) supported by the Alliance have referral protocols in place with service providers.

**2,132 CBOs received grants through the Alliance**  
**2013 milestone exceeded (1,800)**

The number of CBOs supported financially by the Alliance increased by 19% compared to 2012. This was boosted by the acceleration of Alliance India's onward granting, up from 92 CBOs in 2012 to 536 CBOs in 2013.

- The seven countries where the Alliance is a Global Fund principal recipient accounted for 59% (1,265) of the total number of CBOs reached.

**78% of Alliance-supported CBOs achieved their programmatic and financial targets****2013 milestone exceeded (60%)**

This indicator is a barometer of how well Alliance-supported CBOs are performing, and is a proxy measure for whether these organisations have the appropriate capacity.

- AIDS Care China has a sophisticated technology-based performance management system and achieved the highest performance from their CBOs – with 95% meeting programme and financial targets.
- In total 32,290 technical support activities were provided to Alliance-supported CBOs.
- Over 12,200 staff and volunteers were trained at community level, many providing frontline services.

**76% of Linking Organisations and CBOs receiving grants submitted timely reports to national HIV and/or health authorities in accordance with national guidelines****2013 milestone exceeded (68%)**

This indicator measures the extent to which Linking Organisations, and by extension CBOs, are connected with the government through sharing of data or receiving funding.

- The community responses in 26 Alliance countries are now being reported as part of the national response and included with national data.
- 21% of Alliance-supported CBOs are also receiving funding from their national governments.

**Seven peer reviewed journal articles analysed the Alliance's contribution to improved health outcomes for key populations****2013 milestone exceeded (3)**

The Alliance published seven articles in peer-reviewed journals that incorporated work done at the community level in 2013. This demonstrates that the Alliance's experience at the community level is being shared and is informing practice and improving technical capacity at community level.

- Experience was shared from India, Uganda and Zambia in journals including the *Journal of Social Work in End-of-Life and Palliative Care*, *Reproductive Health Matters*, *AIDS Care*, *Journal of International AIDS Society*, and *AIDS Research and Treatment*.

## Principal risks and uncertainties:

Despite the progress set out above, a number of Alliance Linking Organisations are facing challenges around sustainable management and resourcing, as well as implementation disruption following legislation change, such as that in Uganda, and political turmoil in South Sudan and Ukraine. The Alliance Secretariat is providing support to these Linking Organisations where it can, particularly around programme review and re-planning and organisational development.

Developing formal links between clinical services and community systems beyond referrals remains a challenging task. This will become all the more important as clinic-based solutions step up their provision of antiretroviral treatment. Strengthening health and community systems in tandem is essential to ensure an increase in HIV services provided through clinical settings doesn't result in a service gap for discriminated key populations, who may find these services less accessible.

**Strategic Response 3: Advocate for HIV, health and human rights** resulting in inclusive and engaged societies and leading to an outcome of empowered communities

SR3 aims to bring about structural and policy change (informed by evidence) to improve access to health services and promote human rights. Alliance LOs and their community partners will seek to hold authorities to account for HIV spending, and the work of the whole Alliance will continue to ensure that key populations play a part in decision-making at local and international level.

By 2015, we intend to report on two **outcome indicators** for this strategic response. The first will show our progress towards protecting and addressing violence and discrimination against key populations by evaluating the percentage of Alliance countries where violence and discrimination against people affected by HIV is recognised by the state and systematically addressed. The second will evaluate to what extent the Alliance is influencing national and global policy and legal frameworks and processes to strengthen the rights of key populations and contribute to an enabling environment.

## Results:

**14 CBOs and networks were supported by the Alliance to monitor and report on human rights-related barriers to access to HIV and health services**  
**2013 milestone exceeded (10)**

This result was a significant increase from the three organisations that were active a year earlier.

- POZ in Haiti is supporting community ethics committees that address cases of discrimination against key populations. In 2013 there were cases against men who have sex with men that were taken up by these groups. IDH in Bolivia has established links with the Public Ombudsman and other monitoring structures to report and protect against human rights violations against key populations.
- BONELA in Botswana has set up a legal aid database through which they refer and track cases of human rights abuses against key populations. In 2013 they referred three cases for legal services. KANCO works closely with the Human Rights Commission in Kenya and brought forward four cases of violence and discrimination against key populations.
- Alliance India and MAMTA are working together to establish discrimination response teams and community advisory boards which are made up of members of key populations.

**Existing research and programmatic experience was used in seven high level events to influence decision makers**  
**2013 milestone exceeded (3)**

- At the **International Family Planning Conference** in Ethiopia we supported five young people from key populations to participate, and co-organised a closed think tank meeting of young members. A side event shared findings on the priorities of young people affected by HIV, with responses from UNAIDS, the African Union, and the Dutch SRHR ambassador.
- At the **European Development Days** we organised a well-attended High Level Panel on ‘Defeating AIDS, advancing Global Health’ that included a *Link Up* key populations youth ambassador, Jacqueline Alesi from Uganda.
- At the **UNAIDS PCB** we supported Cedric Nininahazwe, from the National Network of young people living with HIV in Burundi (RNJ+), to speak and participate.
- At **ICAAP**, the Alliance led innovative sessions in the ‘meet and greet’ space – parliamentarians held discussions with community leaders in the café, and 120 young people from key populations from six countries joined plenary sessions and selected abstract and skills building workshops with the aid of new technology.
- The Alliance participated in the **ICASA** conference under the banner of ‘for us and with us’ – highlighting and showcasing the involvement and participation of key populations and adolescents in programming. We supported six young Africans to attend the youth pre-conference and to be active in the Women’s and Human Rights Networking Zones.

## **The Alliance supported key populations advocacy in 24 countries 2013 milestone exceeded (18)**

- In Burundi, for example, ABS supported the participation of networks of key populations in different national coordination mechanisms.
- Alliance Myanmar supported and facilitated the activities of the Myanmar Positive group in its participation on the Global Fund Country Coordinating Mechanism.
- In the Caribbean, CHAA supports the participation of men who have sex with men, people living with HIV, and sex workers on national structures in all seven countries it works in.

## **17 LOs were involved in law reform initiatives**

This work focused on breaking down some of the structural drivers of the epidemic, such as the criminalisation of sex work and same sex relationships, and restrictions on travel, among others. UNAIDS estimates that 60% of countries have laws, regulations or policies in place that present obstacles to effective HIV services for key populations.

- Linking Organisations in six Asian countries promoted drug law reform and improved access to harm reduction services, with significant successes. Highlights from the first year of the project include the roll out of community-based naloxone programmes in two provinces in China, along with the launch of a community-based drug treatment pilot.
- In Malaysia, as a result of MAC's advocacy, a parliamentary select committee on drug policy reform has been established to debate the decriminalisation of drug use.
- Following Rumah Cemara's advocacy, prison authorities in Indonesia have approved a pilot prison-based needle exchange programme.
- In response to backward steps in some contexts criminalising homosexuality, we have set up a new rapid response protocol to mobilise and coordinate with civil society, the United Nations, private sector and strategic donors – as guided by needs expressed by country partners.

## **Strategic Response 4: Building a stronger Alliance so we can make our strategy happen...**

For us to achieve our ambitious strategy and end AIDS, we need to do things differently. This means we need to ensure both political and financial sustainability; maintain and expand our Alliance accreditation system; draw more on our considerable capacity in technical support hubs; and start to differentiate our approach in low and middle income countries as we face the challenges of the decline in HIV-related Overseas Development Assistance (ODA) to middle income countries.

### **RESULTS**

#### **A valued Alliance**

- On average, Linking Organisations rated the Alliance 4.1 out of 5 in our Alliance value index – the highest grading ever received. The most important value was ‘credibility and prestige’ which scored 4.5. The single most important benefit identified was knowledge management and technical support.
- Horizontal learning exchanges, Blue Sky weeks, and interaction through the Link Up project were just some of the opportunities for South-to-South learning that Linking Organisations identified as being the most effective.

#### **Addressing sustainability of the HIV response in middle income countries**

- In 2013, we started work on two projects to find new ways of working in order to address the political and financial sustainability of the HIV response in middle income countries.
  - A theory of change has been developed for the four political sustainability project Linking Organisations in Namibia, India, Mexico and Ukraine.
  - In Mexico, Colectivo Sol started by commissioning research to analyse the Mexican national budget.
  - In Namibia, Positive Vibes started by enlarging the existing coalition of civil society organisations and participate in the revision of the National Strategic Framework and building an investment case.
  - The India HIV/AIDS Alliance is building a coalition of civil society organisations to protect the future of the Department of AIDS in India (NACO).
- We also launched a project to look at new ways of fundraising. In India we launched an individual giving programme called End AIDS India. Using a direct marketing approach, the End AIDS India project has started off well with 731 individual donors recruited – well above its launch target of 470.

## Accreditation

- The second cycle of accreditation got underway during 2013. 21 Linking Organisations have completed and submitted accreditation self-assessment forms. This will be followed by 12 peer review team visits during 2014.
- The Secretariat was the first organisation to go through the accreditation process under Cycle II. As a result of the peer review team visit at the end of January 2014 suggestions for improvement were made and will be addressed by 31 July 2014.
- For the first time, Cycle II is measuring programming standards alongside good governance, management and organisational capacity.

## Regional Technical Support Hubs

- The technical support hubs provided 9,244 days of technical assistance in 2013 – a 5% decrease on 2012, but raising the cumulative total of assistance to over 30,600 days in the last five years.
- The South Asia Technical Support Hub in Delhi, India, was the most active, providing 3,008 technical support days, followed by the Eastern Europe and Central Asia hub in Ukraine which provided 1,925 days.
- Hubs form an important component of our 2020 strategy and for us to be successful they must increase the role they play in learning, better respond to Linking Organisations needs identified in annual Strategic Development Plans, and engage in the development of 'Alliance Centres of Practice' for key programmatic areas.

## Innovation funding

- In 2013 we set funded innovation projects that aim to strengthen the capacity of Linking Organisations to innovate, strengthen community systems and measure results.
- In its first year, the innovation fund has catalysed new ideas within the Alliance. This includes funding new ways of extending our reach to marginalized populations (such as people who inject drugs in Africa), improving how we target these populations, and ensuring these populations are equally benefiting from available HIV treatment.

## Principal risks and uncertainties:

- ODA is decreasing in middle income countries, which is where two thirds of Alliance Linking Organisations are working, so our future sustainability relies on accessing new, non-ODA sources of funding.
- A majority of Linking Organisations funding is restricted. More flexible funding is needed to finance the innovation set out in this strategy.
- A number of Linking Organisations are experiencing significant challenges.
  - CHAA (Caribbean): After a leadership crisis, the board has taken control with support of the Secretariat. As a result the Linking Organisation is rebuilding and will be able to continue as an important provider of HIV services to key populations in the eastern Caribbean.
  - ABS (Burundi): The Secretariat also supported leadership renewal at ABS. Further changes were agreed at the organisation's AGM at the end of March. A management and governance review has resulted in amendments to the ABS constitution to introduce a clear conflict of interest policy.
  - CHAU (Uganda): The Anti-Homosexuality Bill and rising homophobia in Uganda has caused significant disruption to the DANIDA MSM SHARP programme. The Secretariat and CHAU team have been working together to find ways forward to implement the programme within the Bill's remit, while ensuring that the security of implementing partners and staff remains a top priority.
  - South Sudan and Ukraine have gone through political turmoil in the last 12 months which has and will continue to affect the programmes of Alliance Linking Organisations in both countries. ACHI in South Sudan has reprogrammed to ensure they can respond to the needs of people living with HIV.

## Looking forward

As we look ahead, the end of the Millennium Development Goals are less than two years away. Huge progress has been made in the last 20 years to reduce the suffering caused by HIV, malaria and other diseases. For example, at the end of 2013 while an estimated 35.3 million people were living with HIV, a record 9.7 million of these people were benefiting from life-saving antiretroviral treatment. The number of AIDS-related deaths has been on the decline for several years thanks to this treatment revolution and the number of new infections is also declining in many countries.

New biomedical prevention tools have also emerged, with growing global momentum for voluntary male circumcision in 2013. Financing for HIV also grew in 2013, with \$18.9 billion earmarked for HIV programmes in low and middle income countries, it also became more sustainable, with 53% of all HIV spending coming from domestic spending. However, despite these positive gains, a number of ongoing and new developments pose significant challenges to the global HIV response and to the work of the Alliance looking forward.

Firstly, there is evidence that the gains seen in the HIV response are not universal. According to UNAIDS there is an increase in risky sexual behaviours in several countries; in the Middle East, North Africa and South East Asia there is a rising incidence of HIV among men who have sex with men; and in Eastern Europe there is increased incidence among people who inject drugs. The treatment revolution is also not benefiting everyone equally – the coverage of HIV treatment for children is half that for adults. And there is evidence from UNAIDS that the gender-based violence between intimate partners which is a key source of vulnerability to HIV infection is on the rise.

Secondly, our strategy recognises that we must increasingly target key populations with our programmes if we are to truly end AIDS. This is becoming more difficult to do in an increasingly hostile political environment. In December 2013, India's Supreme Court overturned a landmark 2009 High Court ruling legalising same sex relationships and reinstated section 377 criminalising them. In this changed context Alliance India runs the world's largest Global Fund-supported programme targeting men who have sex with men. In Nigeria and Uganda legislation criminalising and increasing the penalties for same sex relationships was also passed during 2013 and 2014. These developments make our focus on key populations more challenging but no less necessary in our journey to end AIDS.

Lastly, the funding environment for HIV is turbulent. Since 2000 many countries with large HIV epidemics have graduated from low income to middle income status, and two thirds of people living with HIV are now in middle income countries. However, donors are continuing to withdraw aid from most middle income countries in Asia, Eastern Europe, Latin America and the Caribbean, meaning political and financial commitment in these regions may decline sharply. For certain, governments in middle income countries will bear greater responsibility for achieving health outcomes for their own citizens. But there is very little discernable progress on Linking Organisations accessing domestic funding and a strong dependency on Global Fund support for key population programming.

Addressing these challenges and harnessing opportunities has never been more urgent. Our strategy calls on us to better target key populations who are still stigmatised, discriminated against and criminalised, and we will redouble our efforts to make this a reality. We will continue to build knowledge, mobilise people, inspire leadership, and allow all voices to play significant roles in the local, national and global response to HIV. Our experience shows that together, we can achieve more impact.

# Financial review

## Trustees' responsibilities in respect of the Charity's accounts

The trustees are responsible for preparing the Strategic Report, the trustees' report and the financial statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practice.

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 company (i.e. the Charity) and its group, and of its net resources for that period. In preparing those accounts the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue its activities.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions and which disclose with reasonable accuracy at any time the financial position of the Charity and its group, and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, the Trustee directors certify that:

- so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware
- they have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

## Linking Organisations and Alliance global partnership accounts

The financial statements of the Charity and its group on pages 34-51 have been prepared in accordance with company law, as described above.

The Alliance is a global partnership comprising the Charity and 37 independent Linking Organisations. These Linking Organisations are legally independent entities not controlled by the Charity, therefore their accounts are not consolidated within the Charity group accounts. However, the Alliance global partnership accounts (the collective finances of the Charity and the Linking

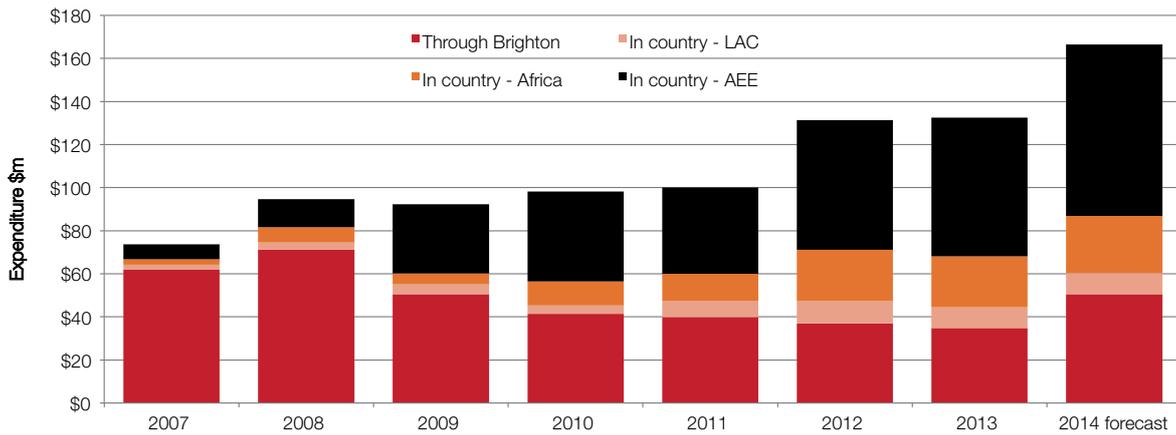
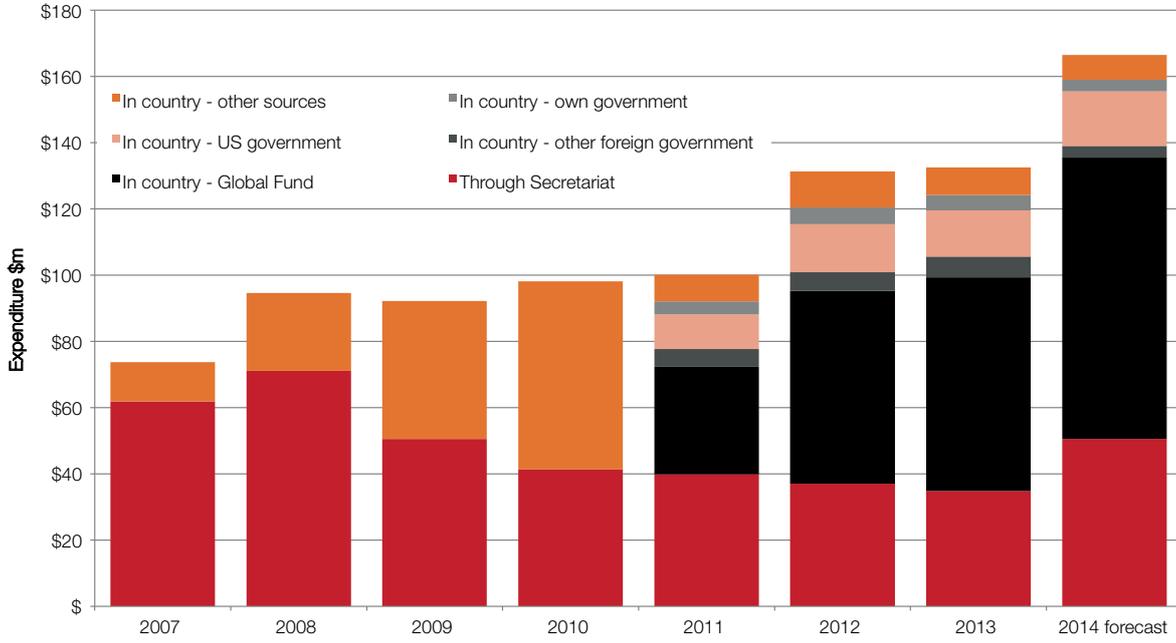
Organisations) are an important indicator of success in the Charity's work to end AIDS. The Linking Organisations receive some of their funding from the Charity and are able to increase funding received directly from donors by virtue of their Alliance membership. This section and the following charts therefore report on the finances of the global partnership, which includes both the Charity group accounts and the Linking Organisation members' accounts.

The planned process of transitioning Country Offices to Linking Organisations, and helping Linking Organisations to secure funding directly in-country, rather than via the Charity's UK Secretariat, has led since 2009 to year-on-year reductions in the total income and expenditure reported in the Charity's accounts, although that trend will be broken in 2014 because of the effect of the Link Up programme. However, total funding and expenditure of the Alliance partnership continues to grow.

The first chart below shows the total expenditure of Alliance organisations in the years 2007 to 2013, and the forecast for 2014. The red segment of each bar represents the total expenditure recorded in the Charity's group accounts, including Linking Organisations to the extent that they are funded through the Charity. The other segments show the additional expenditure of Linking Organisations on HIV that has been funded directly (rather than through the Charity) by donors. For 2011 onwards, this additional expenditure is broken down by the major donor types. The second chart shows the additional in-country expenditure broken down by region.

Despite the continuing difficult global funding environment, overall Alliance expenditure reached a new high of \$133 million in 2013. Overall expenditure is forecast to grow to \$166 million in 2014, due to increased activity on the Link Up programme, further strategic investment and an increase in Ukraine's Global Fund grant. This is expected to represent a high point as the Global Fund grant for Ukraine will decrease in 2015. The proportion of total expenditure that is funded directly in country by Linking Organisations continued to grow, from 15% in 2007 to 72% in 2012, and 74% in 2013. Based on the forecast, the proportion would be 70% in 2014; however this decrease is due to increased expenditure through the Charity, primarily on the Link Up programme. Actual expenditure funded directly by Linking Organisations is forecast to increase by 19%.

As noted in previous years, this increase represents progress in increasing the capacity of Linking Organisations to become strong, effective, financially independent organisations, but our strategy for 2013-20 recognises that more needs to be done to diversify the funding base of Linking Organisations, particularly as development funding is withdrawn from middle income countries.



## Commentary on the Charity's financial results for the year

This section is a commentary on the financial statements on pages 25-40 which report the financial results and position of the Charity – that is, the secretariat in the UK plus the Country Offices. The expenditure of Alliance Linking Organisations is only included in those financial statements to the extent that the funding was channelled through the secretariat in the UK.

The financial results in 2013 and the ongoing Link Up programme have helped to secure the Charity's finances for the next two years and enable us to invest in developing diversified sources of funding to sustain our contribution to the AIDS response over the longer term.

Total income and total charitable expenditure have fallen slightly, from \$37 million in 2012 to \$35m in 2013. In Africa, overall spending through the Charity's books rose to \$18.1 million (2012: \$16.2 million). Our major programmes in the region are the Dutch government-funded Link Up programme in Burundi, Ethiopia and Uganda (Link Up also operates in Bangladesh and Myanmar); the Community Action on Harm Reduction (CAHR) programme in Kenya, also funded by the Dutch government (CAHR also operates in Ukraine, India, China and Malaysia); the USAID-funded SUNRISE programme for orphans and vulnerable children in Uganda; the child and youth programme in South Sudan and the Africa Regional Programme, both funded by the Swedish government; and the Sexual Health and Rights Programme (SHARP) funded by the Danish Government, which operates in Kenya, South Africa, Tanzania, Uganda and Zimbabwe. Those programmes continue into 2014.

Spending through the Charity's books in the combined region of Asia and Eastern Europe and Latin America and the Caribbean fell in 2013, from \$17.0m in 2012 to \$12.9m in 2013. However, as shown in the second of the global Alliance expenditure charts above, directly funded spending in the region increased in 2013. In Asia and Eastern Europe the CAHR programme continued in Ukraine, India, China and Malaysia, while the new EC-funded Harm Reduction programme in six Asian countries commenced, as did the Link Up programme in Bangladesh and Myanmar. All three programmes are ongoing in 2014. In Latin America and the Caribbean, both Kimirina in Ecuador and Via Libre in Peru continued to implement their Global Fund supported programmes.

Support costs (shown in note 5 on page 42) have been reduced from \$6.3 million in 2012 to \$6.2 million in 2013. This continues the trend of reductions in support costs since 2007. The restructuring completed in April 2013 will continue this trend as it has secured further savings in the Finance, Administration/Facilities and Human Resources functions of the Secretariat. The final cost of the restructuring was \$615,000, of which \$600,000 was provided for in 2012 as an exceptional item (see note 16).

The Charity's largest donors by value during the year were the governments of the Netherlands, the United States, the United Kingdom, Sweden, Denmark

and Norway (through their respective international development agencies), together with the Global Fund to Fight AIDS, Tuberculosis and Malaria and the European Commission.

The Charity has a partnership programme arrangement with the UK government's Department for International Development for unrestricted funding for the period 1 April 2011 to 31 March 2014 totalling £11.7 million (£3.9 million per annum, or approximately \$6 million per annum at current exchange rates). An extension of this funding to 31 March 2016 has been finalised.

In 2014 the Netherlands government will again be the Charity's largest donor. 2014 is the second year of the three-year, \$43.8 million Link Up programme, and the fourth and final year of the €10 million CAHR programme.

## **Balance sheet and cash flow**

The balance sheet and the cash flow statement show a minor increase in cash balances at 31 December 2013, compared to the previous year end, with \$26m held in cash and cash equivalents. This cash balance is higher than normal and is mainly made up of restricted funds for programmes, which are funded to the Charity in advance. These programmes are 3 to 5 year agreements and spending will catch up over the lifetime of the agreements, thereby reducing cash balances held. Income of \$17m was deferred at year end, including \$8m received for the Link Up programme and \$1.5m received shortly before year end from Sida for the next phase of the Africa Regional Programme. Cash levels have remained healthy throughout 2013, enabling us to provide sufficient cash flow to all partners.

## **Group structure**

### **Branches and subsidiaries**

The Charity's Country Offices are treated as branches of the Charity where they are not incorporated locally (there are branch Country Offices in Myanmar and Uganda). Where Country Offices are incorporated locally as separate legal entities, they are treated as subsidiaries (Thailand and the USA).

The planned transitions to Linking Organisations of the Country Offices in India and South Sudan were successfully completed in 2013. With the exception of the USAID-funded SUNRISE programme, all activities of the Country Office in Uganda have now transferred to the newly-formed Linking Organisation Community Health Alliance Uganda (CHAU).

The Country Office in Zambia was closed in 2013. Alliance programmes in Zambia are continuing through a partnership with Southern African AIDS Trust Zambia.

In practice there is little operational distinction between branches and subsidiaries, but in the financial statements, the assets and liabilities of the branches are included within the parent Charity balance sheet as well as within

the group balance sheet, whereas the assets and liabilities of the subsidiaries are included only within the group balance sheet.

## Financial instruments and foreign exchange risk

The Charity's operations and working capital requirements are financed principally by a mixture of reserves and funds received in advance from donors. In addition, trade debtors (funds due from donors) and trade creditors arise directly from the company's operations.

The Charity's income is received mainly in US dollars (49% in 2013), sterling (16%), Swedish Krona (13%) and euros (12%) with the balance in a range of others including other Nordic currencies. The costs of the Secretariat are primarily incurred in sterling, while the costs of in-country operations and support for partner organisations are incurred in around 20 different currencies including, for example, Indian Rupees and Zambian Kwacha.

The Charity's policy on foreign exchange, in summary, is that:

- the Charity will regularly review its net exposure to foreign exchange risk
- the Charity will pass on foreign exchange risk to suppliers and partners where appropriate, and where it is appropriate that the Charity bears the risk, it will manage significant exposure by the use of forward contracts and options
- the Charity will continue to hold liquid reserves mainly centrally, in US dollars, sterling and euros, subject to ensuring that partner organisations have sufficient cash locally to prevent disruption to services.

## Reserves policy

The Charity's reserves policy, which was agreed at the April 2010 Trustees' meeting, is as follows. The Charity has no long-term borrowings so all of its financing needs must be met from either reserves or current income. The Charity needs to hold reserves for the following main purposes:

- *to provide working capital for country operations.* The Charity normally pays grants to its partners for three months of planned activity, in advance. Some smaller grants are paid annually in advance. The Charity's own restricted funding from its donors, on the other hand, is often payable in arrears. Therefore the working capital needs of its country operations may need to be met from the Charity's unrestricted reserves.
- *to cover for a shortfall in funding for core costs.* The salaries and running costs of the secretariat are mainly covered by unrestricted funding, which comes largely from the UK and Nordic governments. If that funding were delayed, the Charity would need a buffer of unrestricted reserves to pay core costs in the meantime; and if unrestricted funding were discontinued or significantly reduced, the Charity would need unrestricted reserves to fund restructuring and redundancy costs. The target level of this element of unrestricted reserves is three months of Secretariat core costs.

- *to cover unbudgeted costs incurred by partner organisations.* The Alliance is a partnership of over 30 organisations worldwide, so it is normal that from time to time there will be emergencies or unanticipated costs that the Charity will want to support. There may not be sufficient contingency within a single year's budget, so to be able to respond to emergencies the Charity needs a contingency fund within unrestricted reserves. The target level of this element of unrestricted reserves is \$0.2 million.

The three requirements above are met from the General Fund. The target level for the first two is variable according to the values and the cash flow patterns of the budgets for the year, so the overall target level for the General Fund is reassessed annually. Based on budgets for 2014, the target minimum level for the General Fund is \$5.0 million. We are currently above that short term minimum level, mainly because the Link Up programme is financed by the Netherlands government in advance, and so reduces the working capital requirement. After the Link Up programme ends, we are likely to again need to provide working capital from reserves, so we do not plan to reduce reserves from their current levels.

In addition to the General Fund, the Trustees maintain a Programme Designated Reserve to supplement unrestricted field programmes budgets. Together, the General Fund and the Programme Designated Reserve make up the Charity's free reserves.

The Charity is taking a multi-year investment approach as it works to change the course of the strategy, and the surplus generated in 2013 will allow for increased investment in 2014 and 2015. Accordingly, \$3m has been added to the Programme Designated Reserve, of which \$1m had been committed in contracts signed at 31 December 2013.

Separate unrestricted reserves are needed for the following purposes:

- *to finance the cost of fixed assets.* The Charity's fixed assets have been acquired using unrestricted funds. The net book value of fixed assets is held in a separate reserve, to reflect the fact that that part of the Charity's reserves is not readily realisable to finance any other activity or obligation
- *to cover for foreign exchange losses.* Currency markets continue to be very volatile, and with major income and expenditure streams in over ten different currencies, the Charity is exposed to significant foreign exchange risk. Steps are taken to hedge against that risk in line with the foreign exchange risk policy set out above, but it is still prudent to retain a minimum balance in the Exchange Rate Revaluation Reserve to cover for unhedged foreign exchange losses. The target minimum value of the reserve is \$0.5 million.

## Liquidity and interest rate risk

The Trustees monitor the liquidity and cash flow risk of the Charity carefully. Cash flow is examined by the Trustees on a regular basis and action is taken as appropriate. The Charity did not need an overdraft in 2013, and will not need an overdraft in 2014. There are no long-term borrowings, so the Charity is not exposed to interest rate risk.

## Investment policy and objectives

The Charity's investment policy was approved at the April 2013 Trustees' meeting. The objectives of the policy, in order of priority, are to ensure that our funds are held safely; to ensure that we have sufficient liquidity to implement our programmes; and to achieve a return on surplus funds. Surplus funds may be invested in either:

- fixed-interest government or government-backed investments with less than five years to maturity which are rated AAA by either Standard & Poor's or Moody's
- bank treasury deposits with terms of up to 12 months in banks that are rated at least A by both Standard & Poor's and Moody's and have been approved by the Trustees; or
- in a sterling common deposit fund managed by a corporate trustee, as approved by the Charity Commission.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 23 April 2014 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Steven Sinding  
Chair  
23rd April 2014

# Independent auditors' report to the members of International HIV/AIDS Alliance

We have audited the financial statements of International HIV/AIDS Alliance for the year ended 31 December 2013, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Trustees' Annual 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 the charitable company's affairs as at 31 December 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

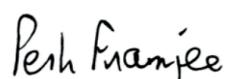
### Opinion on other matter prescribed by the Companies Act 2006

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

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

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

- the parent charitable company has not kept adequate accounting records or returns adequate for our audit have not been received by branches not visited by us; or
- the parent charitable company 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.



Pesh Framjee  
**Senior Statutory Auditor**

For and on behalf of  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
**London**

24 July 2014

# Consolidated statement of financial activities

for the year ended 31 December 2013

		2013	2013	2013	2012
		Restricted	Unrestricted	Total	Total
		\$000	\$000	\$000	\$000
	Notes				
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
		-	17	17	108
	2	-	77	77	32
<b>Incoming resources from charitable activities</b>					
		23,398	10,820	34,218	34,767
		-	2,997	2,997	2,474
		<u>23,398</u>	<u>13,911</u>	<u>37,309</u>	<u>37,381</u>
		548	-	548	-
		-	175	175	-
		<u>548</u>	<u>175</u>	<u>723</u>	<u>-</u>
	3	<b>23,946</b>	<b>14,086</b>	<b>38,032</b>	<b>37,381</b>
<b>Resources expended</b>					
	4, 5	23,398	10,419	33,817	36,760
	6	-	247	247	216
		<u>23,398</u>	<u>10,666</u>	<u>34,064</u>	<u>36,976</u>
<b>Discontinued activities and exceptional items</b>					
	4, 5	548	179	727	-
	16	-	15	15	600
		<u>548</u>	<u>194</u>	<u>742</u>	<u>600</u>
		<b>23,946</b>	<b>10,860</b>	<b>34,806</b>	<b>37,576</b>
		-	<b>3,226</b>	<b>3,226</b>	<b>(195)</b>
<b>Reconciliation of funds</b>					
		-	6,596	6,596	6,791
		-	<b>9,822</b>	<b>9,822</b>	<b>6,596</b>

The notes on pages 36 to 51 form part of these financial statements.

There are no recognised gains and losses other than those shown within the Consolidated Statement of Financial Activities.

# Balance sheet

as at 31 December 2013

		2013	2013	2012	2012
		Group	Charity	Group	Charity
	Notes	\$000	\$000	\$000	\$000
<b>Fixed assets</b>					
Tangible assets	9	100	100	138	138
<b>Current assets</b>					
Debtors	12	4,306	4,374	4,335	4,126
Short term deposits		18,819	18,819	19,371	19,371
Cash at bank and in hand	13	6,866	6,797	5,659	3,133
		29,991	29,990	29,365	26,630
<b>Creditors</b>					
Amounts falling due within one year	14	(20,269)	(20,268)	(22,307)	(19,576)
<b>Net current assets</b>					
		9,722	9,722	7,058	7,054
<b>Provision for liabilities and charges</b>					
	16	-	-	(600)	(600)
<b>Net assets</b>					
		9,822	9,822	6,596	6,592
represented by:					
<b>Funds</b>					
<b>Unrestricted</b>					
General Fund		5,822	5,822	5,558	5,554
Fixed Asset Fund		100	100	138	138
Exchange Rate Revaluation Reserve		500	500	500	500
Programme Designated Reserve		3,400	3,400	400	400
		9,822	9,822	6,596	6,592
<b>Restricted</b>					
		-	-	-	-
		9,822	9,822	6,596	6,592

The financial statements were approved by the Board of Trustees and authorised for issue on 23 April 2014



Steven Sinding  
Chair

The notes on pages 36 to 51 form part of these financial statements.

# Consolidated cash flow statement

for the year ended 31 December 2013

		2013	2012
	<i>Notes</i>	<b>\$000</b>	<b>\$000</b>
<b>Net cash inflow/(outflow) from operating activities</b>	24	<b>644</b>	<b>13,033</b>
<b>Returns on investment</b>		77	32
<b>Capital expenditure and financial investments</b>			
Payments to acquire fixed assets		(66)	(205)
<b>Net cash inflow/(outflow)</b>		<b>655</b>	<b>12,860</b>
Cash and cash equivalents at 1 January		25,030	12,170
<b>Cash and cash equivalents at 31 December</b>		<b>25,685</b>	<b>25,030</b>

The notes on pages 36 to 51 form part of these financial statements.

## Notes to the consolidated financial statements

### 1. Accounting Policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention, and in compliance with the Charities Act 2006, the Statement of Recommended Practice 'Accounting and reporting by charities' (SORP 2005), and United Kingdom accounting standards and applicable law.

Before approving the financial statements, the Trustees review and re-approve the detailed budget for the year following the balance sheet date (2013: the Trustees having originally approved the 2013 budget in January 2013), outline information for the following two years (2014 and 2015), and the major risks to which the Charity is exposed. Following these reviews, the Trustees are satisfied that the Charity has a reasonable expectation of securing adequate resources to continue in operational existence for the foreseeable future. The financial statements are therefore prepared on the basis that the Charity is a going concern.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings in the USA and Thailand. The consolidation has been carried out on a line by line basis.

The Zambian subsidiary closed in April 2013 and is consolidated in the financial statements until this date.

India HIV/AIDS Alliance left the group, together with its subsidiary Alliance South Asia Technical Support Hub, in April 2013 as it transitioned to a locally governed, independent Linking Organisation. Both are consolidated in the financial statements up to the date of transition.

The Charity has branch offices in Myanmar and Uganda, and the results from these offices are included in the financial statements. The branch office in China closed in 2013, while the office in South Sudan transitioned to a locally governed, independent Linking Organisation in November 2013. The results from both China and South Sudan are included in the financial statements up to the respective dates they left the Charity.

No separate SOFA has been presented for the parent charity alone, as permitted by paragraph 397 of SORP 2005 and section 408 of the Companies Act 2006. The gross income of the parent charity was \$37,309,000 (2012: \$30,787,000) and the result for the year was a surplus of \$3,230,000 (2012: loss of \$179,000).

## Funds structure

The Charity maintains two types of fund:

### Unrestricted Funds

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity, and which are not subject to donors' restrictions. The Charity further divides unrestricted funds as follows:

- The Fixed Asset Fund, which represents the funds tied up in tangible fixed assets and therefore not immediately realisable
- the Programme Designated Reserve, which are funds the Trustees have set aside for particular purposes
- The General Fund, which represents the working capital for the Charity and also provides a buffer, should there be a shortfall in income or unbudgeted costs. The Trustees review the level of the General Fund annually and have agreed in the Reserves Policy (see page 29-30) a target minimum level for the General Fund of \$5.0 million
- The Exchange Rate Revaluation Reserve, which holds a minimum balance of \$0.5 million to cover unhedged foreign exchange losses

### Restricted funds

Restricted funds are funds that must be used in accordance with specific instructions imposed by donors.

## Transfers between funds

Transfers to or from the General Fund from other funds are made in accordance with the Charity's reserves policy.

## Incoming resources

Incoming resources are included in the SOFA when the Charity is legally entitled to them, is reasonably certain of receipt, and the amount can be reliably measured.

Incoming resources from charitable activities includes income from performance related grants; income and fees for contracts and services; and income from unrestricted grants. Voluntary income comprises public donations and is included when it is received.

The Charity receives funding from performance-related grants and contracts for direct and indirect programme costs and to provide sub-grants to other agencies. This funding is subject to contractual restrictions which must be met through incurring qualifying expenses for particular programmes.

Income arising from performance related grants is treated as restricted income. Income arising from contracts is recognised as unrestricted income. This is because grants are governed by trust law, where the obligation on the Charity is to spend the entire grant on the specified purposes. Contracts are treated as unrestricted in the accounts because the obligation under contract law is to provide the specified services and/or goods; any surplus or deficit remaining after the contract terms have been fulfilled is for the Charity to keep.

Revenue from performance grants and contracts is recognised only when funds have been utilised to carry out the activity stipulated in the agreement. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Deferred income amounts received under these grants and contracts represents the amounts of cash received in advance of earning revenue.

The Charity also receives some grants from governments and foundations that are not subject to contractual restrictions. Revenue from these grants is included at the time the contract is signed by the donor.

## Resources expended

### Charitable activities

Expenditure is recognised on an accruals basis. All costs are allocated to direct charitable activities. Support costs are allocated on a total cost basis. All salaries are allocated to either support costs or direct activities according to timesheets.

Contributions are paid to Alliance Country Offices and Linking Organisations overseas, and are given for two purposes, either to support the operating costs

of the Country Office or Linking Organisation, or to provide funds for 'onward granting' to implementing partners.

Operations expenditure is recognised when expenses have been incurred by the Country Office or Linking Organisation and have been approved by the budget holder at the Secretariat.

Onward grants by Country Offices to implementing partners are recognised in line with the expenditure of the grant reported back to the Country Office by the implementing partner. Onward grants by Linking Organisations are recognised as expenditure in full on signing of the onward granting agreement with the implementing partner.

### **Governance costs**

These are the costs associated with the governance arrangements of the Charity as opposed to those costs associated with fundraising or charitable activities. Governance costs include internal and external audit costs, and costs associated with constitutional or statutory requirements, for example the costs of Trustees' meetings or of preparing statutory accounts.

### **Foreign exchange gains and losses**

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rate of exchange ruling at the date of the transaction or at an average monthly rate. Exchange differences are taken into account in arriving at the net movement in resources for the year.

### **Fixed assets and depreciation**

Expenditure on tangible fixed assets is capitalised at original cost. The capitalisation limit is \$5,000.

Assets held by Country Offices are fully depreciated in the year of acquisition.

Assets held by the Secretariat in the UK are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements: 7 years, or the term of the lease, whichever is shorter

Furniture and fixtures: 7 years

Computer equipment and software: 3 years

Office equipment: 3 years

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

### **Provisions for liabilities and charges**

Provisions for liabilities and charges are provided for where these arise from a legal or constructive obligation, as a best estimate of the expenditure required to settle the present obligation at the balance sheet date.

## Pensions

The Charity offers staff a range of benefits including membership of a defined contribution pension scheme. Where staff opt to join the scheme, the Charity makes employer's pension contributions to personal pension schemes. The assets of these schemes are held separately from those of the Charity in independently administered funds. In accordance with FRS 17 – Retirement benefits, contributions are charged to the Statement of Financial Activities as they are incurred.

## Operating leases

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

## Financial instruments

Where the Charity has obligations denominated in one currency that are funded by grants or contracts denominated in another currency, it is exposed to the risk of movements in the exchange rate between those two currencies. In accordance with its foreign exchange policy (see page 29), the Charity may use forward contracts or options to reduce the risk arising from its significant foreign exchange exposures. Those contracts may commit the Charity to exchange a given amount of one currency for another at a future date, at a set rate. These contracts are classed as derivative financial instruments, because their value changes in response to changes in market foreign exchange rates. Accounting standards require derivatives to be held at fair value, with the change in value from one period to another taken through the Statement of Financial Activities. At the balance sheet date, any outstanding forward foreign exchange contracts or options would be revalued at the closing exchange rate to the US dollar, and the unrealised gain or loss on revaluation would be taken through the Statement of Financial Activities. The Charity does not hold or trade in any other type of derivative financial instrument.

## 2. Investment income & interest

Interest on treasury deposits and bank balances

2013	2012
\$000	\$000
77	32

### 3. Movement in resources

	Balance at 1/1/13 \$000	Incoming 2013 \$000	Transfers 2013 \$000	Outgoing 2013 \$000	Balance at 31/12/13 \$000
<b>Restricted Funds</b>					
Australian Government (AusAID)	-	1	-	1	-
Big Lottery Fund	-	50	-	50	-
Bill & Melinda Gates Foundation	-	221	-	221	-
Danish Government (DANIDA)	-	886	-	886	-
Dutch Government (BUZA)	-	11,515	-	11,515	-
Elton John AIDS Foundation	-	20	-	20	-
European Commission	-	886	-	886	-
German Government (GIZ)	-	105	-	105	-
Global Fund to Fight Aids, Tuberculosis & Malaria	-	1,329	-	1,329	-
Interact Worldwide	-	138	-	138	-
Irish Aid	-	29	-	29	-
Levi Strauss Foundation	-	48	-	48	-
Open Society Foundations	-	13	-	13	-
Swedish Government (SIDA)	-	2,597	-	2,597	-
Swiss Government	-	418	-	418	-
Uganda HIV Prevention Advocacy Fellowship	-	8	-	8	-
United Nations	-	102	-	102	-
US Government (USAID)	-	5,240	-	5,240	-
Viiv Healthcare	-	321	-	321	-
World Health Organisation	-	13	-	13	-
Other restricted funds	-	6	-	6	-
<b>Total restricted funds</b>	-	<b>23,946</b>	-	<b>23,946</b>	-
<b>Unrestricted Funds</b>					
<b>Contracts</b>					
US Government (USAID)	-	2,902	-	2,902	-
Other contract income	-	270	-	270	-
<b>Subtotal contracts</b>	-	<b>3,172</b>	-	<b>3,172</b>	-
<i>Unrestricted grants (details below)</i>	-	10,820	-	-	-
<i>Other unrestricted income</i>	-	94	-	-	-
<i>Total incoming resources on general fund</i>	-	10,914	-	-	-
General fund	5,558	10,914	(2,962)	7,688	5,822
Fixed asset fund	138	-	(38)	-	100
Exchange rate revaluation reserve	500	-	-	-	500
Programme designated reserve	400	-	3,000	-	3,400
<b>Total unrestricted funds</b>	<b>6,596</b>	<b>14,086</b>	-	<b>10,860</b>	<b>9,822</b>
<b>Total funds</b>	<b>6,596</b>	<b>38,032</b>	-	<b>34,805</b>	<b>9,822</b>

Restricted funds relate to donor-funded programmes, with expenditure incurred in the delivery of those programmes through Linking Organisations and onward granting to implementing partners.

### 3. Movement in resources (continued)

The Programme Designated Reserve is approved by the Trustees for the delivery of the strategy, supported by detailed budgets and project plans. These are significant resources to explore and invest strategically in the pursuit of sustaining our linking organisations, and community responses more generally, in middle income countries and fragile states. At the year ending 31st December 2013, the Charity had made commitments in signed contracts totalling \$1 million from the funds held within this designated reserve.

Unrestricted grants include the following:

	2013	2012
	\$000	\$000
UK Government (DFID)	6,070	4,620
Swedish Government (Sida)	2,282	1,868
Danish Government (DANIDA)	1,753	1,722
Norwegian Government (NORAD)	623	509

### 4. Charitable activities

	Support to Country Operations	Onward Granting	International Technical Assistance	Salaries	Support Costs	2013 Total	2012 Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Asia & Eastern Europe and Latin America & the Caribbean	1,732	5,798	1,677	1,467	2,252	12,926	16,965
Africa	2,826	6,682	2,490	2,744	3,340	18,082	16,184
Policy	-	-	400	662	239	1,301	1,005
Technical Cooperation Unit	-	-	506	362	197	1,065	1,774
Programme Impact	-	-	234	720	216	1,170	832
<b>Total</b>	<b>4,558</b>	<b>12,480</b>	<b>5,307</b>	<b>5,955</b>	<b>6,244</b>	<b>34,544</b>	<b>36,760</b>

### 5. Support costs

	Asia & Eastern Europe and Latin America & the Caribbean	Africa	Policy	Technical Cooperation Unit	Programme Impact	2013 Total	2012 Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Executive Director's Department	255	378	27	22	24	706	1,149
External Relations	697	1,034	74	61	67	1,933	1,294
Field Programmes Co-ordination	78	116	8	7	8	217	250
Corporate Services	1,222	1,812	130	107	117	3,388	3,637
<b>Total</b>	<b>2,252</b>	<b>3,340</b>	<b>239</b>	<b>197</b>	<b>216</b>	<b>6,244</b>	<b>6,330</b>

In each geographical area a comprehensive portfolio of prevention, care and mitigation programmes is implemented. These activities are achieved through a combination of direct expenditure and onward granting. The policy, technical support and planning, analysis and learning activities of the UK Secretariat support the work of field programmes at a local, national and international level. Direct costs are used as the basis to apportion support costs across charitable activities. The support costs associated with onward granting were \$2,754,000. Salaries in note 4 are the staff costs of Secretariat staff working directly on the respective activities; therefore this total does not agree to the total in note 8, which includes all staff costs.

## 6. Governance costs

Governance costs consist of:

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Trustees' meetings	58	76
Internal and donor audits	50	38
External audit	139	102
	<u>247</u>	<u>216</u>

## 7. Onward granting

The Charity grants funds to linking organisations (LOs). Linking organisations then support other non-governmental and community-based organisations working to further the Charity's charitable objectives within those countries by sub-granting the funds received. In countries where the Charity has a Country Office (CO) rather than an LO, the CO may make grants directly to local community based organisations. On rare occasions the secretariat in the UK also grants funds directly to programme-implementing organisations ('implementing partners').

The Charity has a comprehensive onward granting policy and procedures manual that provides clear guidelines on the criteria for awarding grants to non-governmental and community-based organisations, to ensure that accountability and transparency is maintained. Grant renewal is subject to performance, review and re-planning. The Charity's standard sub-grant agreement provides for grant recipients over a value threshold of \$300,000 per annum to be audited. No grants are made to individuals.

The 20 largest grant recipient organisations in 2013 were as follows:

		<b>2013</b>	<b>2012</b>
		<b>Group</b>	<b>Group</b>
		<b>\$000</b>	<b>\$000</b>
Marie Stopes International	UK, Link Up partner	944	-
Alliance India	India (LO)	786	-
HIV/AIDS and STD Alliance Bangladesh (HASAB)	Bangladesh (LO)	659	173
Malaysia AIDS Council	Malaysia (LO)	636	713
Kenya AIDS NGO Consortium (KANCO)	Kenya (LO)	610	519
ABS	Burundi (LO)	547	82
Population Council	USA, Link Up partner	525	-
Alliance Ukraine	Ukraine (LO)	453	248
AIDS Care China	China (LO)	433	-
ChildFund	Uganda	401	175
Foc_Rev / War Child UK	Uganda	350	457
ACORD	Uganda	287	397
TPO	Uganda	286	338
Rumah Cemara	Indonesia (LO)	281	222
AFRICARE	Uganda	264	355
Bantwana	Uganda	257	455
SAT Zambia	Zambia	257	-
AVIS Foundation	Uganda	249	447
BONELA	Botswana (LO)	185	48
Initiative Privée et Communautaire de Lutte Contre le VIH/SIDA (IPC)	Burkina Faso (LO)	181	97

## 8. Staff numbers and costs

The average number of employees of the group for the year was 193 (2012: 281). The aggregate costs of these staff were as follows:

	<b>2013</b>	<b>2012</b>
	<b>Group</b>	<b>Group</b>
	<b>\$000</b>	<b>\$000</b>
Salaries	9,771	11,246
Social security costs	853	852
Pension costs	516	616
	<u>11,140</u>	<u>12,714</u>

The numbers of employees whose emoluments for the year fell within the following bands were:

	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>number</b>	<b>number</b>	<b>number</b>	<b>number</b>
\$170,000 - \$179,999	1	-	1	-
\$160,000 - \$169,999	1	1	1	1
\$150,000 - \$159,999	-	-	-	-
\$140,000 - \$149,999	-	-	-	-
\$130,000 - \$139,999	-	-	-	-
\$120,000 - \$129,999	2	2	2	2
\$110,000 - \$119,999	1	1	2	2
\$100,000 - \$109,999	9	8	6	5
\$90,000 - \$99,999	4	4	7	7
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total pension costs for these employees were	<u>118,000</u>	<u>94,000</u>	<u>90,000</u>	<u>84,000</u>

## 9. Tangible fixed assets

Group	Furniture and fixtures	Computer equipment and software	Office equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Cost at 1 January 2013	803	1,356	586	507	3,252
Additions for the year	-	57	9	-	66
Disposals for the year	(141)	(967)	(415)	(381)	(1,904)
Cost at 31 December 2013	<b>662</b>	<b>446</b>	<b>180</b>	<b>126</b>	<b>1,414</b>
Accumulated depreciation at 1 January 2013	759	1,267	581	507	3,114
Depreciation for the year	44	49	11	-	104
Depreciation on disposals	(141)	(967)	(415)	(381)	(1,904)
Accumulated depreciation at 31 December 2013	<b>662</b>	<b>349</b>	<b>177</b>	<b>126</b>	<b>1,314</b>
<b>Net book value at 31 December 2013</b>	<b>-</b>	<b>97</b>	<b>3</b>	<b>-</b>	<b>100</b>
<b>Net book value at 31 December 2012</b>	<b>44</b>	<b>89</b>	<b>5</b>	<b>-</b>	<b>138</b>

Charity	Furniture and fixtures	Computer equipment and software	Office equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Cost at 1 January 2013	723	1,043	269	464	2,499
Additions for the year	-	57	9	-	66
Disposals for the year	(61)	(658)	(98)	(338)	(1,155)
Cost at 31 December 2013	<b>662</b>	<b>442</b>	<b>180</b>	<b>126</b>	<b>1,410</b>
Accumulated depreciation at 1 January 2013	679	954	264	464	2,361
Depreciation for the year	44	49	11	-	104
Depreciation on disposals	(61)	(658)	(98)	(338)	(1,155)
Accumulated depreciation at 31 December 2013	<b>662</b>	<b>345</b>	<b>177</b>	<b>126</b>	<b>1,310</b>
<b>Net book value at 31 December 2013</b>	<b>-</b>	<b>97</b>	<b>3</b>	<b>-</b>	<b>100</b>
<b>Net book value at 31 December 2012</b>	<b>44</b>	<b>89</b>	<b>5</b>	<b>-</b>	<b>138</b>

All fixed assets are held for charitable use.

## 10. Investments - Charity

### Fixed asset investments

Investment in non-UK subsidiary undertakings

International HIV/AIDS Alliance, Inc. - one share of common stock of one dollar

	2013	2012
	\$	\$
	1	1

## 11. Subsidiary undertakings

The following companies are subsidiary undertakings of the International HIV/AIDS Alliance. Both are incorporated outside the UK, and both operate offices which support community action on HIV and AIDS. Only International HIV/AIDS Alliance, Inc has a share capital (see note 10).

The income and expenditure of these subsidiaries in the year ended 31 December 2013 is as below:

Country	Name of subsidiary	Date of incorporation	Year end	Income \$000	Expenditure \$000
USA	International HIV/AIDS Alliance, Inc	2 May 2003	31 December	582	582
Thailand	International HIV/AIDS Alliance Foundation	31 Dec 2009	31 December	37	37

The net reserves of these subsidiaries was nil as at 31st December 2013.

The incoming resources of the parent charity were \$37,309,000 with resources expended of \$34,079,000.

## 12. Debtors

	2013 Group \$000	2013 Charity \$000	2012 Group \$000	2012 Charity \$000
Due from donors, including accrued income	1,295	1,295	3,343	3,343
Amount due from subsidiary companies	-	77	-	401
Advances to partner organisations	2,604	2,604	591	99
Other debtors	216	212	218	137
Prepayments	191	186	183	146
	<b>4,306</b>	<b>4,374</b>	<b>4,335</b>	<b>4,126</b>

## 13. Cash at bank and in hand

	2013 Group \$000	2013 Charity \$000	2012 Group \$000	2012 Charity \$000
Balances held by subsidiaries	69	-	2,526	-
Balances held by Country Office branches	1,299	1,299	1,227	1,227
Balances held by the secretariat	5,498	5,498	1,906	1,906
	<b>6,866</b>	<b>6,797</b>	<b>5,659</b>	<b>3,133</b>

“Cash at bank and in hand” relates to funds for the delivery of donor-funded programmes. The Charity received considerable funds prior to year end and these are committed to be distributed to linking organisations, for programme delivery and onward granting to implementing partners, during the first part of 2014.

## 14. Creditors falling due within one year

	2013 Group \$000	2013 Charity \$000	2012 Group \$000	2012 Charity \$000
Trade creditors	1,002	1,002	351	351
Due to partner organisations	904	904	212	212
Due to subsidiaries	-	-	-	3
Other creditors	378	378	452	299
Tax & social security	188	187	540	509
Accruals & deferred income	17,797	17,797	20,752	18,202
	<b>20,269</b>	<b>20,268</b>	<b>22,307</b>	<b>19,576</b>

## 15. Deferred income

	Group \$000	Charity \$000
Balance at 1 January 2013	20,058	17,508
Amount released to incoming resources	(20,058)	(17,508)
Amount deferred in the year	16,961	16,961
Balance at 31 December 2013	<b>16,961</b>	<b>16,961</b>

Deferred income includes cash amounts received under performance related grants and contracts for which qualifying expenses have not yet been incurred.

## 16. Provision for liabilities and charges

A provision was made in 2012 for the estimated cost of the organisational restructure which took place in the first half of 2013. Redundancy costs and other costs of the restructuring were set against this provision in 2013. The final cost of restructuring was \$614,909.

	<b>2013</b>
	<b>\$000</b>
Actual costs of restructure	615
Release of provision	(600)
<b>Charged to SOFA during the year</b>	<b>15</b>

## 17. Trustees' emoluments and reimbursed expenses

No fees were paid to the Trustees.

Travelling and accommodation expenses for 10 Trustees for attendance at meetings amounted to \$49,222 (2012: \$57,024). The decrease in cost compared to 2012 was mainly because both Trustees' meetings were held at the Charity's UK Secretariat, whereas in 2012 the spring Trustees' meeting was held in Barbados.

No other transactions were entered into with the Trustees.

## 18. Indemnity insurance

The Charity maintains a directors and officers insurance policy both to protect itself and indemnify the Trustees from the consequences of any neglect or default on the part of the Trustees, employees or agents of the Charity. This insurance is included in a Commercial Combined Package with an overall cost of \$35,923 for the period 1 January-31 December 2013.

## 19. Auditors' remuneration

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Fee for the statutory audit	67,285	64,271
Fees for other services:		
Fee for the RCA (USAID compliance) audit	23,830	23,718
Other grant audits	7,554	10,267
<b>Total fees, excluding VAT</b>	<b>98,669</b>	<b>98,256</b>

## 20. Analysis of net assets between funds

	Restricted \$000	Unrestricted \$000	Total \$000
Fund balances at 31 December 2013 are represented by:			
<b>Group</b>			
Tangible fixed assets	-	100	100
Investments	-	-	-
Net current assets	-	9,722	9,722
<b>Total net assets</b>	<b>-</b>	<b>9,822</b>	<b>9,822</b>
<b>Charity</b>			
Tangible fixed assets	-	100	100
Investments	-	-	-
Net current assets	-	9,722	9,722
<b>Total net assets</b>	<b>-</b>	<b>9,822</b>	<b>9,822</b>

## 21. Limited liability

The Charity is limited by guarantee, the liability of each member being limited to £1.

## 22. Taxation

The Charity is not liable to pay UK taxation on its charitable income or capital gains.

## 23. Obligations under operating leases

At 31 December 2013 the group had non-cancellable lease commitments as shown below:

	2013 \$000	2012 \$000
	Land and buildings	Land and buildings
Within one year	-	75
Within one and five years	44	187
After five years	399	391

## 24. Note to the cash flow statement

Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities

	2013 \$000	2012 \$000
Net incoming/(outgoing) resources for the year	3,226	(195)
Less: investment income and interest receivable	(77)	(32)
Add back: depreciation charges (non-cash)	104	273
Add back: Provision for liabilities and charges (non-cash)	(600)	600
Movements in working capital (see detail below)	(2,009)	12,387
<b>Net cash inflow/(outflow from operating activities)</b>	<b>644</b>	<b>13,033</b>

Movements in working capital are as follows:

	2013 \$000	2012 \$000
(Increase)/decrease in debtors	29	1,398
Increase/(decrease) in creditors	(2,038)	10,964
	<b>(2,009)</b>	<b>12,362</b>

## 25. Specific donor disclosures

### Netherlands Ministry of Foreign Affairs

#### Choices & Opportunities Fund 2011-14

In 2010 the Charity was awarded EUR 10m over the four years 2011 - 2014 by the Netherlands Ministry of Foreign Affairs (BUZA) from their Choices & Opportunities Fund for the programme Community Action on Harm Reduction. The key financial totals for the programme are as follows.

	2010	2011	2012	2013	Total
	EUR	EUR	EUR	EUR	EUR
Cash received during the year	1,250,000	2,500,000	1,250,000	2,500,000	7,500,000
Interest allocated	-	8,029	6,888	5,693	20,610
Expenditure incurred	-	(1,946,998)	(2,839,131)	(2,705,908)	(7,492,037)
<b>Balance carried forward (within deferred income, note 15)</b>	<b>1,250,000</b>	<b>1,811,031</b>	<b>228,788</b>	<b>28,573</b>	<b>28,573</b>
	USD	USD	USD	USD	USD
<b>USD value of expenditure incurred, and income recognised in the accounts (note 3)</b>	<b>-</b>	<b>2,604,932</b>	<b>3,712,127</b>	<b>3,611,685</b>	<b>9,928,744</b>

No interest was allocated in 2010 because the cash was not received until 20 December. The programme started in 2011.

#### SRHR Fund

In November 2012 the Charity was awarded USD 43,849,824 over the four years 2013 - 2016 by BUZA from their SRHR fund for the *Link Up* programme. The first cash instalment of USD 8,031,000 was received on 18 December 2012 and activities commenced on 1 January 2013. The key financial totals for the programme are as follows.

	2012	2013	Total
	USD	USD	USD
Cash received during the year	8,031,000	8,031,000	16,062,000
Interest allocated	799	25,801	26,600
<b>Expenditure incurred and income recognised in the accounts (note 3)</b>	<b>-</b>	<b>(7,903,203)</b>	<b>(7,903,203)</b>
<b>Balance carried forward (within deferred income, note 15)</b>	<b>8,031,799</b>	<b>8,185,397</b>	<b>8,185,397</b>

### Ministry of Foreign Affairs of Denmark

#### SHARP

In November 2012 the Charity was awarded DKK 25,000,000 over the three years 2013-2015 by DANIDA for the Sexual Health & Rights Programme (SHARP). Funding is received in DKK and then converted to USD, with USD being the reporting currency for the programme. The key financial totals for the programme are as follows.

	2012	2013	Total
	USD	USD	USD
Cash received during the year (DDK)	9,000,000	8,000,000	17,000,000
Cash received during the year (USD equivalent)	1,559,549	1,453,885	3,013,434
Interest allocated	153	6,021	6,174
<b>Expenditure incurred and income recognised in the accounts (note 3)</b>	<b>-</b>	<b>(886,636)</b>	<b>(886,636)</b>
<b>Balance carried forward (within deferred income, note 15)</b>	<b>1,559,702</b>	<b>2,132,972</b>	<b>2,132,972</b>

## 26. Financial instruments

FRS 25, 26 and 29, "Financial Instruments", require the disclosure of the role that financial instruments have had during the period in creating or changing the risks that the charity faces in undertaking its activities. The following narrative provides information on the risks faced by the charity, and how these risks have been managed, and the financial instruments balances included in the 2013 accounts.

The main financial risk the charity is exposed to is foreign exchange risk, which applies because there is a mismatch between the currencies in which the charity is funded, and the currencies in which the charity incurs expenditure and obligations. Liquidity risk applies to a limited extent because the charity funds its partner organisations in advance, whereas its own funding from its donors is a mixture of funding in advance and funding in arrears. Price risk also applies to a limited extent; in cases where the charity has entered contracts to deliver specified services, it is exposed to price risk on its inputs. It is also exposed to price risk on its overhead costs, although inflation in the UK, where the Secretariat is based, has been relatively low for some time. The charity is not exposed to interest rate risk because it has no borrowings.

The charity manages foreign exchange risk in accordance with its foreign exchange policy, set out on page 29, which includes the use of forward contracts or options to reduce risk on significant foreign exchange exposures. It manages liquidity risk through its reserves policy, set out on page 29 to 30, which aims to ensure that there will be sufficient working capital to fund partners' activities, and through the regular review of cash flow forecasts.

There were no financial instruments held at 31 December 2013.

## About the International HIV/AIDS Alliance

We are an innovative alliance of nationally based, independent, civil society organisations united by our vision of a world without AIDS.

We are committed to joint action, working with communities through local, national and global action on HIV, health and human rights.

Our actions are guided by our values: the lives of all human beings are of equal value, and everyone has the right to access the HIV information and services they need for a healthy life.

**“At the heart of our strategy is the ambition to bring about healthy people, stronger health and community systems, and inclusive and engaged societies.”**