



Protecting Children. Providing Solutions.



Lumos Annual Report and  
Financial Statements 2017



# Introduction to the Lumos Trustees' report

The Lumos Trustees are pleased to present their annual report, together with the consolidated financial statements of the charity and Lumos Foundation USA Inc. for the year ended 31 December 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out on pages 50-53 of the attached financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Lumos Foundation (A company limited by guarantee)

Annual Report and Financial Statements

Year ending 31 December 2017

Charity number 1112575

Company number 05611912

## **Lumos' 100% pledge**

**Thanks to the generous support of J.K. Rowling and other funders, 100% of the money given to Lumos will go directly to Lumos projects and not to overhead or administrative costs.**

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# Foreword by Chair and CEO

## 2017 was a year of considerable progress in Lumos' mission to end the institutionalisation of children worldwide.

There are millions of children trapped in institutions and orphanages around the world, deprived of the love and support of a family. At least 8 out of 10 of these children are not orphans and Lumos continues to fight for their rights by ensuring the issue remains at the top of international policy agendas.

The cycle of poverty, discrimination, lack of access to essential services and trafficking are all reasons why families are separated, and each year brings new disasters and factors that tear families apart. **The evidence of the harm and trauma caused by child institutionalisation is overwhelming**, so it is vital that we continue to strive to **end the institutionalisation of children worldwide**.

2017 saw Lumos expand into new areas of the world. Our expertise in creating community-based family services in Europe and reuniting families in Haiti provided the foundations for new programmes in Colombia and Ethiopia. Our track record as world-leading experts in deinstitutionalisation has resulted in new high-level relationships and we have provided guidance and support to a wider range of stakeholders around the world, **helping them transform the systems that deny children a family life**.





As an organisation working in ever-changing social and political circumstances, we were flexible and reactive. In response to the refugee crisis, Lumos started developing projects in Bulgaria and Ethiopia to strengthen care systems for unaccompanied refugee children. And the global profile of the need to end institutionalisation was further enhanced through reaching the final of the prestigious MacArthur 100&Change competition. To be among the final four out of 2,000 entries reinforced the importance of our mission and its potential to be solved.



This expansion has required an increase in core expertise to ensure that Lumos is able to deliver our ambitious mission. Our team has been supplemented with a new range of skills, in training and specialist technical advice, advocacy and communications, research and fundraising. And **we supported young self-advocates to share their own experiences of institutionalisation** at prestigious international events as well as influencing policy in their home countries.

During the year, our tireless influencing of governments delivered results that have the potential to transform the lives of so many children and families – and society as a whole. At the first annual conference to combat child trafficking in Haiti, the governments of Haiti and the United States, as well the European Union, for the first time acknowledged the scale of orphanage-trafficking. We are also hugely grateful to the European Union for championing the alternatives to orphanages and driving forward reform of care systems in Europe.



There is still much to be done to convince the world that institutions severely harm the health and development of children. But with your support, it is possible to end the institutionalisation of children by 2050.

**Thank you for making our work possible and making a life-changing difference to so many children, families and communities.**



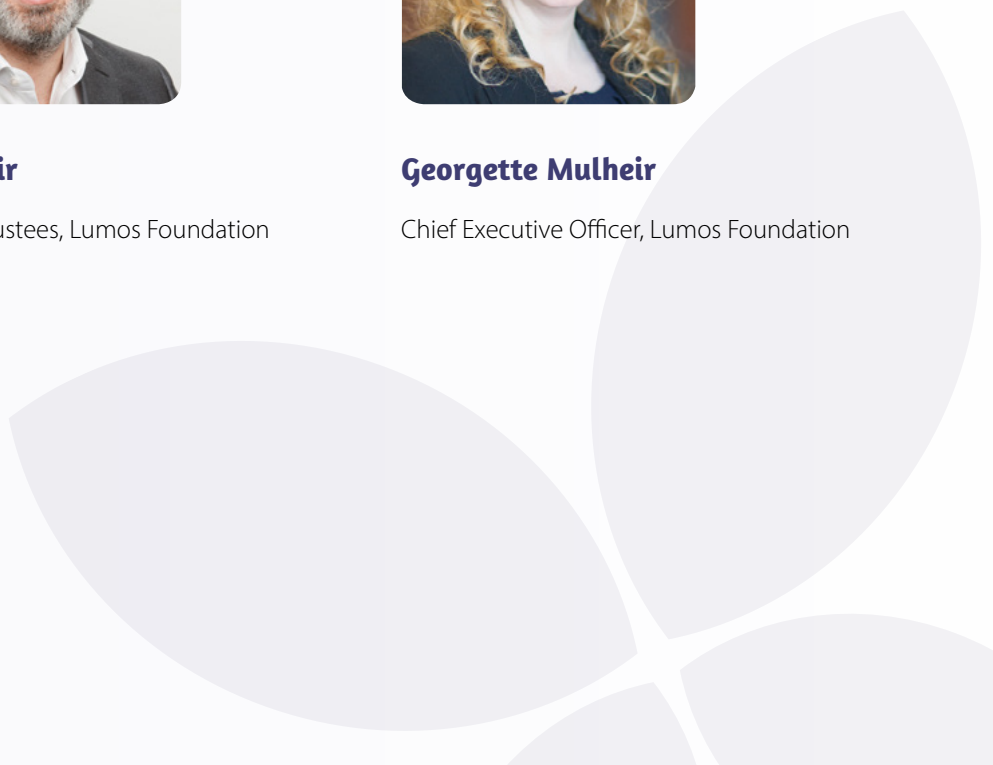
**Neil Blair**

Chair of Trustees, Lumos Foundation



**Georgette Mulheir**

Chief Executive Officer, Lumos Foundation



# Global impact

To date, Lumos has:



**Helped relocate  
18,500 children**

from institutions to loving families, family-like settings or independent living (599 in 2017).



**Prevented over  
24,000 children**

from entering harmful institutions (3,272 in 2017).



**Provided 4,298  
life-saving  
medical  
and social  
interventions**

to children and families at risk of illness, malnutrition or abuse (493 in 2017).



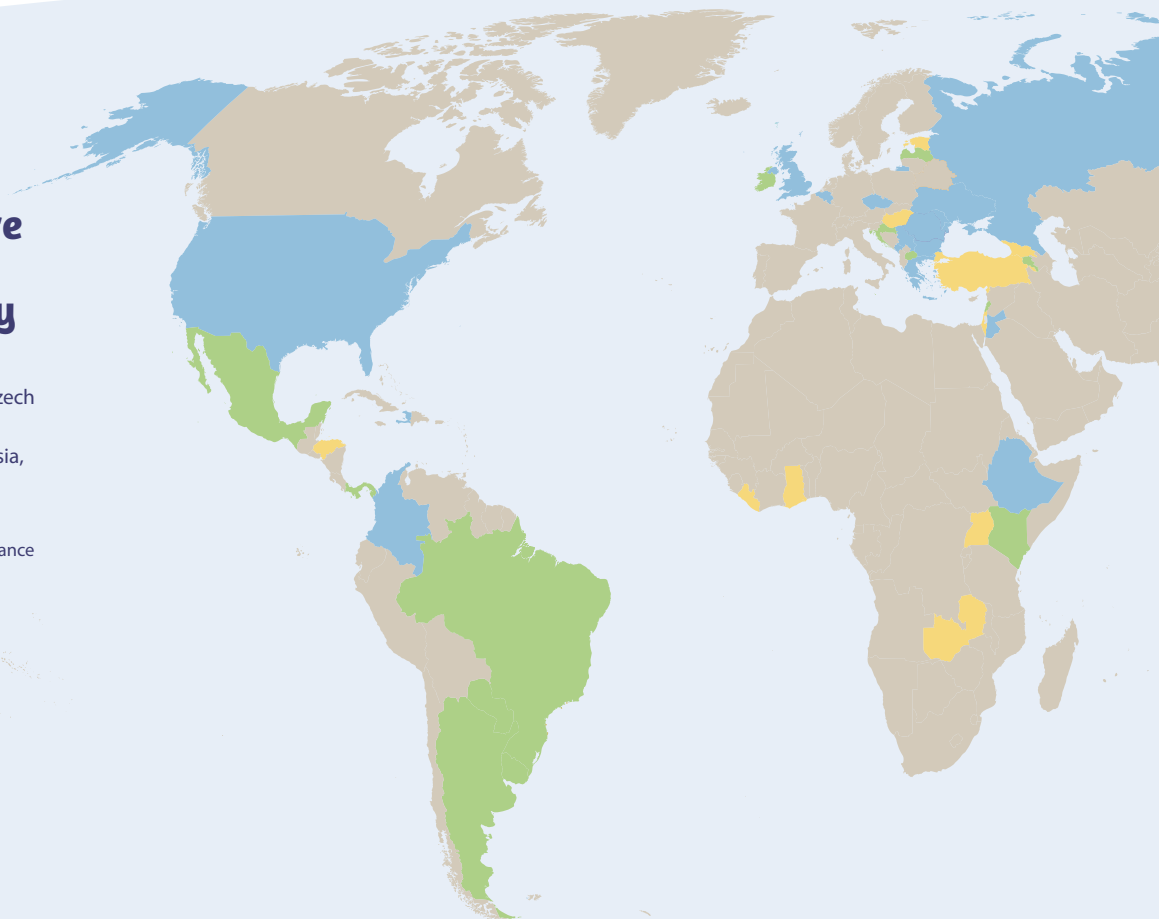
**Trained more  
than 35,000  
practitioners  
and policy  
makers**

in the skills needed to move from an institutional model of care to supporting families (3,902 in 2017).

## Countries where Lumos has worked directly or actively\*

Belgium, Bulgaria, Colombia, Czech Republic, Greece, Haiti, Japan, Jordan, Malaysia, Moldova, Russia, Serbia, UK, Ukraine, USA and Ethiopia.

\*includes long-term technical assistance





**Provided advice and support to 49 countries**

on how to transform their care systems, ranging from developing national action plans, to undertaking emergency interventions in institutions **(14 new countries in 2017)**.



**Over 14,000 practitioners trained through Lumos' train-the-trainer programme**

through workshops, training courses, conferences, events and individual sessions, **with a further 19,000 practitioners** reached through articles and blogs.



**Influenced the redirection of at least €642 million**

towards strengthening communities and keeping families together, through advocacy and partnership with other organisations.



**Countries where Lumos has provided technical advice**

Cambodia, Estonia, Georgia, Guatemala, Hungary, Israel, Montenegro, Sri Lanka, Turkey, Zambia, Uganda, Ghana and Liberia.

**Countries represented at Lumos training**

Armenia, Australia, Bangladesh, Croatia, Indonesia, Latvia, Malta, Nepal, Singapore, Thailand, Uruguay, Brazil, Kenya, Lebanon, India, Panama, Mexico, Paraguay, Argentina and Ireland.



# Key achievements in 2017 – a global snapshot

## Ukraine

Ukraine has an estimated 104,000 children in institutions, one of the highest numbers in Europe.<sup>1</sup> With support from Lumos, the government approved a National Deinstitutionalisation Strategy to transform children's services and allocated over €15 million of government funding to the programme. In 2017, Lumos trained 696 practitioners from all regions in the country in how to transition from institutional to family and community-based care.

## Bulgaria

Lumos' support and advocacy efforts resulted in 644 children being reunited with their families across the country. Since 2010, the number of children in institutions in Bulgaria has reduced by 86%, and a national plan is in place to ensure the closure of all institutions by 2025.

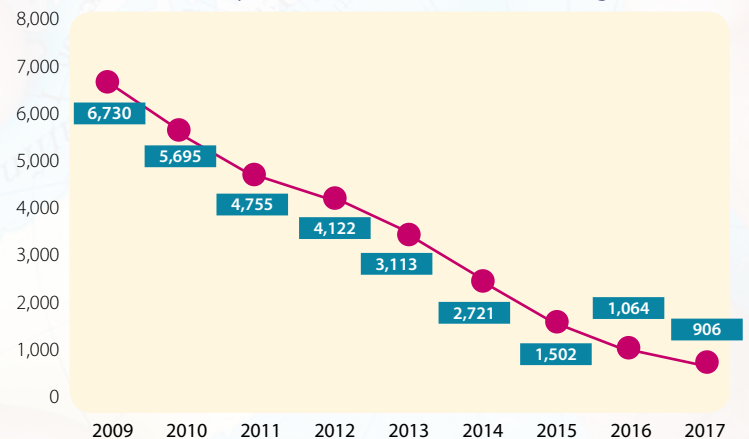
## Moldova

Alongside the Moldovan government, Lumos has supported the development of an inclusive education system that has returned thousands of children from segregated residential institutions to their families. Since 2010, there has been a 685% increase in children with special educational needs in community schooling, from 1,253 in 2010 to 9,840 in 2017.<sup>2</sup>

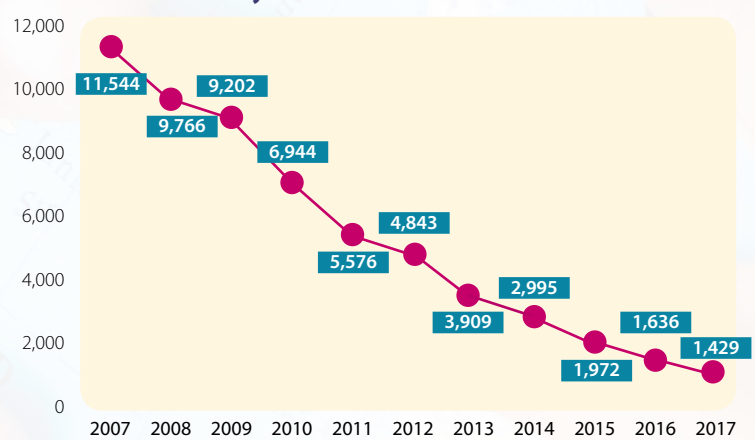
## Czech Republic

Lumos supported the Czech government to prevent 831 children from entering institutions in 2017. In Lumos' demonstration region in Pardubice, Lumos worked with the local government to develop plans to reduce the number of children in large residential institutions by 75% by the end of 2020.

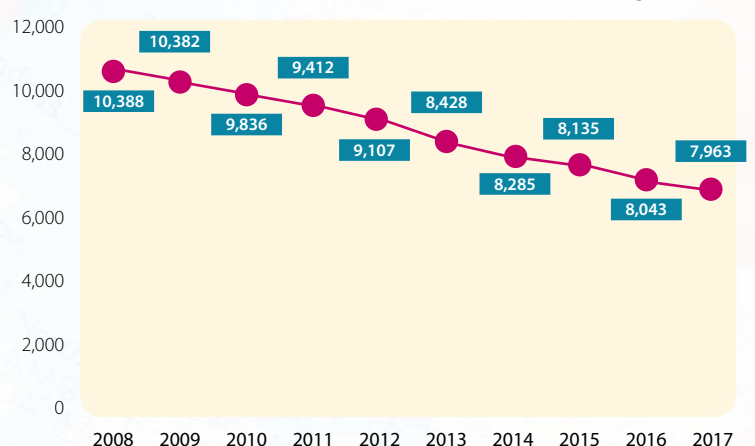
Numbers of children in institutions in Bulgaria



Numbers of children in institutions in Moldova



Numbers of children in institutions in Czech Republic



<sup>1</sup> Ombudsman for Children with the President of Ukraine. (20 Feb 2016). Monitoring research of functioning of system of boarding schools and institutions of child protection (institutions of social care). On file with Lumos.

<sup>2</sup> Data sourced from the National Bureau of Statistics. Government of the Republic of Moldova. (2018). [Number of children with special educational needs in mainstream schooling]. On file with Lumos.



## Russia

Lumos is working with the Karelian regional authority to support the transformation of their child care and protection system. Lumos trained over 150 practitioners, equipping them with the knowledge and skills needed to develop new services. Alongside the local government, Lumos initiated a comprehensive analysis of the care system in the region that will be used as a basis to plan future reform.

## Greece

Lumos provided emergency support in an institution where many residents had spent their whole lives in restraints. Lumos' support enabled many children and adults with disabilities to be released from physical restraints, including caged beds or tied limbs. Advocacy by Lumos and others led to the government commitment to fund the closure of the institution, in addition to allocating resources to reform children's services in the Attica region.

## Haiti

Lumos supported the closure of three institutions, enabling 46 children to be reunited with their families. Working closely with the National Anti-Trafficking Committee, Lumos co-hosted the first national anti-trafficking conference. This conference represented a significant turning point as the governments of Haiti and the United States, together with the European Union, acknowledged the problem of 'orphanage trafficking' in the country for the first time.

## Colombia

Lumos supported Fundamor, an institution for children and young people living with HIV and AIDS, to support all children to be reunited with their families, or to move to family-based care. In one of the first examples of 'deinstitutionalisation' in the country, 43 children left the institution in 2017.

## Malaysia

With Lumos' support, Malaysia is now one of the first countries in South East Asia to have developed a national action plan to transform care services for children. Lumos supported a local organisation to carry out analysis on the current care system which was used as a basis to inform national level planning. This resulted in a comprehensive national plan.



**Pictured:** children living in Fundamor, an institution in Colombia.



**“I have worked in 31 countries helping governments and communities transform their care services. And I have visited hundreds of orphanages. Those managed in a caring manner are the exception, not the rule. In most, I have witnessed severe abuse and neglect. Even in the best, children have delayed development and poor future life chances.”**

**Georgette Mulheir, Lumos CEO speaking at the 2017 One Young World conference**

## Jordan

Lumos' support to the Higher Council for the Rights of Persons with Disabilities (HCD), headed by His Royal Highness Prince Mired Raad Zeid Al-Hussein of Jordan, led to the parliament approving a new law on the Rights of Persons with Disabilities, which includes an article specifically calling for the transition from institutions to community-based services. This law will drive reform to ensure that children and adults with disabilities live with their families and in their communities.

## Japan

Guidance and advice from Lumos has enabled Japan to embark on a transformation process towards family-based care. In August 2017, the Japanese government created a *New Vision of Children in Care*, which set targets to ensure that children who cannot live in their birth families are placed in foster care instead of institutions. The Ministry of Health, Labour and Welfare in Japan named Lumos as a key influencing partner in this process.

## Australia

Lumos provided evidence to the Australian parliamentary inquiry into establishing a Modern Slavery Act. As a result of the inquiry, Australia became the first nation to recommend that 'orphanage trafficking' should be included in any definition of modern slavery.<sup>3</sup> Orphanage 'voluntourism' is increasingly being recognised as detrimental to children and orphanage trafficking as a form of modern slavery. In 2017, three of the world's largest volunteering and travel companies committed to stop sending volunteers to orphanages.

## US

Lumos, with partners Catholic Relief Services and Maestral International, was selected as a Finalist in the prestigious MacArthur 100&Change competition, which recognises the importance of 'solving a critical problem of our time'. To reach the final four out of 2,000 entries was a huge achievement and an opportunity for the harm of orphanages to be exposed on a global platform. This achieved a \$15 million grant to support *Changing the Way We Care*, a global movement to ensure that every child realises their right to a family.



**Pictured:** Self-advocates from Moldova, Bulgaria and the Czech Republic met with representatives of the 100&Change coalition: Catholic Relief Services, Maestral and Lumos. Together, they discussed and developed the programme plan for 100&Change and agreed on a set of commitments of children to adults, and adults to children.



<sup>3</sup> Parliament of the Commonwealth of Australia. (2017). Hidden in Plain Sight: An inquiry into establishing a Modern Slavery Act in Australia. Available at: [www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Foreign\\_Affairs\\_Defence\\_and\\_Trade/ModernSlavery/Final\\_report](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/ModernSlavery/Final_report)

# Why it matters

## Children in institutions – the scale of the problem



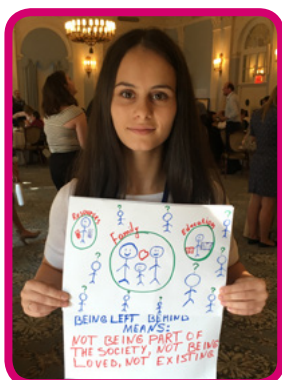
**80%**  
of children in orphanages  
have a living parent<sup>4</sup>



**8 million**  
children and young  
people live in institutions  
worldwide<sup>5</sup>

**80**

**80 years**  
of research proves that orphanages  
severely harm children<sup>6</sup>



“Nobody was interested in our opinions. They put the same clothes on us, cut our hair and cut our hope that we would ever leave that place. When we cried to go home, they beat us. We did not even have the right to our tears.”  
**Olga, Moldova**



“When you live in a house with 100 children, you are nobody. You exist only in documents, there’s no future for you, no freedom to express your abilities. You are not prepared for the outside world and you go down the wrong path.”  
**Mihaela, Bulgaria**

### What is an institution?

An ‘institution’ may look and feel different in different countries and contexts. In some countries there are very large state-run institutions housing hundreds of children, while in other countries institutions may be smaller units with strict regimes. The size of an institution matters, but it is not the defining feature.

An institution is any residential setting with an ‘institutional culture’. In institutions, children are isolated from the wider community, forced to live with strangers and do not have control over their lives because the needs of the organisation take precedence over their individual needs.<sup>7</sup>

Institutions are commonly referred to as: orphanages, compound or cluster facilities, reception centres for unaccompanied children, residential health facilities and residential special schools.

4 Csáky, C. (2009). Keeping Children Out of Harmful Institutions: Why We Should be Investing in Family-Based Care. London, UK: Save the Children, p7.

5 Cited in: Pinheiro, P. (2006). World Report on Violence Against Children. United Nations Secretary General’s Study on Violence Against Children. UNICEF, New York.

6 Berens, A. E. & Nelson, C. A. (2015). The science of early adversity: is there a role for large institutions in the care of vulnerable children? The Lancet.

7 European Commission. (2009). Report of the Ad Hoc Expert Group on the Transition from Institutional to Community-based Care.



**“We reveal the hidden children locked away behind closed doors and forgotten by the world, so that everyone first of all understands the problem and then works together to fix it.”**

**J.K. Rowling, Lumos’ Founder and Life President**

## Why are institutions harmful?

Children who are separated from their families and put in institutions – whether due to poverty, war, disaster or discrimination – find themselves in a desperate, unimaginable place.

In institutions, the child's individual needs are subordinate to those of the regime. There may be too many children for staff to remember their names, never mind their birthdays, likes and dislikes, fears and wishes – so the institution invents systems to cope. Mealtimes, baby changing times and bedtimes are strictly ordered and children must fall into line. Running an institution 24/7 is expensive, with never enough staff to provide individualised care. Instead, carers operate like security guards – controlling behaviours and making sure children do not escape.

The consequences of growing up in an institution can be severe and lifelong. Studies show that children may fail to sit, stand, walk and talk by the age of four<sup>8</sup>, with poor health and damaged emotional development.<sup>9</sup> Children in institutions are more likely to be victims of neglect, abuse and trafficking.<sup>10 11</sup>

As young adults, it is harder to find employment and behavioural, physical and mental health problems are more common,<sup>12</sup> affecting long-term prospects and resulting in high social and economic costs to society.

Institutional care, however well-run or well-intentioned, can never replace the loving care and support of a family.

## Why are children placed in institutions?

**Poverty** is the most common reason that children are placed in institutions.<sup>13</sup> There is also a glaring and unjust relationship between **disability** and institutionalisation – children with disabilities are often placed in institutions because their parents cannot afford or access support and services like inclusive education.<sup>14</sup> A lack of services and support in the community often means that families feel they have no option but to place their children in an institution.<sup>15</sup>

Circumstances such as **war, natural disaster or discrimination**<sup>16</sup> can drive children towards institutions. Refugee children or those from migrant families often find themselves alone in detention centres, police stations and 'protective custody'.<sup>17</sup>

Many institutions put the economic interests of adults ahead of the best interests of children. In some cases, children are actively 'recruited' into institutions, often using false promises of education and food.<sup>18</sup> These 'orphanages' are profit-making ventures and exist to attract the lucrative international flows of volunteers, donations and other funding. This form of exploitation is increasingly being recognised as a form of child trafficking, namely '**orphanage trafficking**'.<sup>19</sup>

8 Mulheir, G., Browne, K., et al., De-institutionalising and transforming children's services: A guide to good practice, WHO collaborating Centre for Child Care and Protection, University of Birmingham, 2007, p32.

9 Poor health includes malnutrition (Mulheir, G., Browne, K., et al., De-institutionalising and transforming children's services: A guide to good practice. WHO collaborating Centre for Child Care and Protection, University of Birmingham, 2007) p28, reduced immunity, physical disabilities, harm to cognitive and emotional development and hearing and visual problems (Browne, K., The risk of harm to young children in institutional care. Save the Children, 2009, and toxic stress (Shonkoff, J., et al., Early Childhood Adversity, Toxic Stress, and the Role of the Pediatrician: Translating Developmental Science Into Lifelong Health. American Academy of Pediatrics, 2011)

10 UNICEF. (2007). Promoting the Rights of Children with Disabilities. Innocenti Digest 13. UNICEF. [www.unicef-irc.org/publications/pdf/digest13-disability.pdf](http://www.unicef-irc.org/publications/pdf/digest13-disability.pdf) [accessed 8 May 2017].

11 Joint Standing Committee on Foreign Affairs, Defence and Trade (2017). Hidden in Plain Sight An inquiry into establishing a Modern Slavery Act in Australia. Parliament of the Commonwealth of Australia.

12 Csaky, C., Why Care Matters: The importance of adequate care for children and society, Family for Every Child, 2014.

13 Csaky, C. (2014). Op. cit.

14 Better Care Network and Every Child (2012). Enabling Reform: Why Supporting Children with Disabilities Must Be at the Heart of Successful Child Care Reform. [www.bettercarenetwork.org/library/particular-threats-to-childrens-care-and-protection/children-with-disabilities/enabling-reform-why-supporting-children-with-disabilities-must-be-at-the-heart-of-successful-child](http://www.bettercarenetwork.org/library/particular-threats-to-childrens-care-and-protection/children-with-disabilities/enabling-reform-why-supporting-children-with-disabilities-must-be-at-the-heart-of-successful-child) [accessed 3 July 2017].

15 Chiwaula, L. et al. (2014). Drumming together for change: A child's right to quality care in Sub-Saharan Africa. The Centre for Excellence for looked after children in Scotland (CELCIS).

16 For example, in Slovakia where 82.5% of children in state care are Roma, who account for just 9% of the country's population: European Roma Rights Centre. Romani children in Europe – the facts. [http://www.errc.org/uploads/upload\\_en/file/factsheet-on-romani-children-in-europe-english.pdf](http://www.errc.org/uploads/upload_en/file/factsheet-on-romani-children-in-europe-english.pdf) [accessed 21 May 2018].

17 For example in Greece: EKKA, Situation Update: Unaccompanied Children in Greece, 31 December 2017, available at: <http://bit.ly/2E531rQ>; Human Rights Watch, 'Asylum-Seeking Kids Locked Up in Greece', 23 January 2018, available at: <http://bit.ly/2n6FKOC>. Cited in: Asylum Information Database (2018) Country Report: Greece <http://www.asylumineurope.org/reports/country/greece> [accessed 24 May 2018].

18 Doore, K.E.V. (2016). Paper orphans: Exploring child trafficking for the purposes of orphanages. The International Journal of Children's Rights. Volume 24, Issue 2.

19 Joint Standing Committee on Foreign Affairs, Defence and Trade (2017). Hidden in Plain Sight An inquiry into establishing a Modern Slavery Act in Australia. Parliament of the Commonwealth of Australia.



## My name is Martina.

"I am 19 years old. For over 16 years I have lived in a 12-member loving family. I was in an institution for almost three years. When I was three years old, my foster parents took me from the baby home. They chose me because I did not have a chance to be placed in a family because of the colour of my skin and because of my birth family.

Every child needs to get love from parents, it's like a suit of armour that helps to protect them through life's struggles. I think it is very important to invest in families. To help children stay in their families or find them a new family and help them to stay together. It's like investing in the blacksmith who forges the suit of armour the child needs, which is love."

**Martina, a Lumos self-advocate, speaking at Opening Up Communities, Closing Down Institutions: Harnessing the European Structural and Investment Funds, November 2017**



# A global approach to change



**Lumos has a bold yet achievable mission:  
to create a world where all children will grow up  
in loving and supportive families by 2050.**

Over the last decade, Lumos has shown that it is possible to transform care systems, close institutions and safely reunite families.

**Working alongside governments and other partners, Lumos' approach seeks to transform the systems that support children and families, so that institutions can be closed. The reform process involves:**

- **preventing** family separation by enabling children to stay with their parents or other relatives, through ensuring access to healthcare, inclusive education or targeted services for families who need extra support during difficult times
- **establishing** family-based care, such as foster care, so that children have the love and support of a family, when it is not possible for them remain with their birth families
- **dismantling** the institutional system and ensuring that each child has a placement that meets their needs
- **redirecting** resources away from expensive institutions to community-based health, education and social services that keep families together.

**Lumos' model of change involves working in partnership with governments and others to:**

- strengthen the policy and legislative framework to underpin reform
- develop evidence-based plans
- build the capacity of those leading reform
- support the development of regional demonstration programmes
- identify and redirect resources currently in the institutional system to better alternatives
- document and learn from practice
- tackle the belief systems and ingrained behaviours that lead to the segregation of children
- ensure children's voices are at the centre of the reform process.

The experience, knowledge and evidence from Lumos' country programmes in Moldova, Bulgaria and the Czech Republic has been used to support other countries in the region to develop and implement reform including, most notably, Greece, Russia and Ukraine.

Most countries in Europe now have strategies or plans in place to close institutions. This was achieved in part through the regulation introduced by the European Union in early 2014, after sustained advocacy by Lumos and other civil society organisations, stating that funding for Member States must not be used to build or renovate institutions and should support the transition to community services.

It is vital to ensure that the momentum in Europe is built on and that plans are monitored, commitments enforced, and that all children are listened to and included in reform – ensuring that no child gets left behind in an institution.





### **Sonya's story:**

Sonya and her son, Georgi\*, live in Bulgaria. As soon as he was born, Georgi was taken from his mother. Diagnosed with spina bifida, he went to live in an institution 100 miles away. In many countries like Sonya's, parents of children with disabilities are told they cannot provide the care that their child needs. She knew her son would be better off with her. But when the culture expects children like Georgi to be raised in 'care', it's difficult for parents to speak up. Lumos worked with Sonya to bring her baby home. We continue to support the family to stay together. Georgi recently learnt to take his first steps and is now in kindergarten. He is now visiting a speech therapist to help him to talk. With support from his family and Lumos, Georgi can be cared for at home, where he belongs.

*\* Name has been changed*

Despite progress in Europe, evidence suggests that the number of children in institutions in some regions across the world is increasing. The underlying reasons for why children are separated from their families are similar across different regions, but there are also significant differences and new challenges.

In 2015, Lumos expanded beyond Europe into Latin America and the Caribbean, establishing a country demonstration programme in Haiti. In 2017, expansion in the region continued with the selection of Colombia as a second demonstration country and establishing a regional 'hub' – providing expertise in advocacy, research and training and technical support across the region.

Lumos plans to develop further regional 'hubs' and demonstration programmes in different countries to generate evidence and examples of transforming care systems, which respond to different drivers of family separation – such as natural disaster or migration.

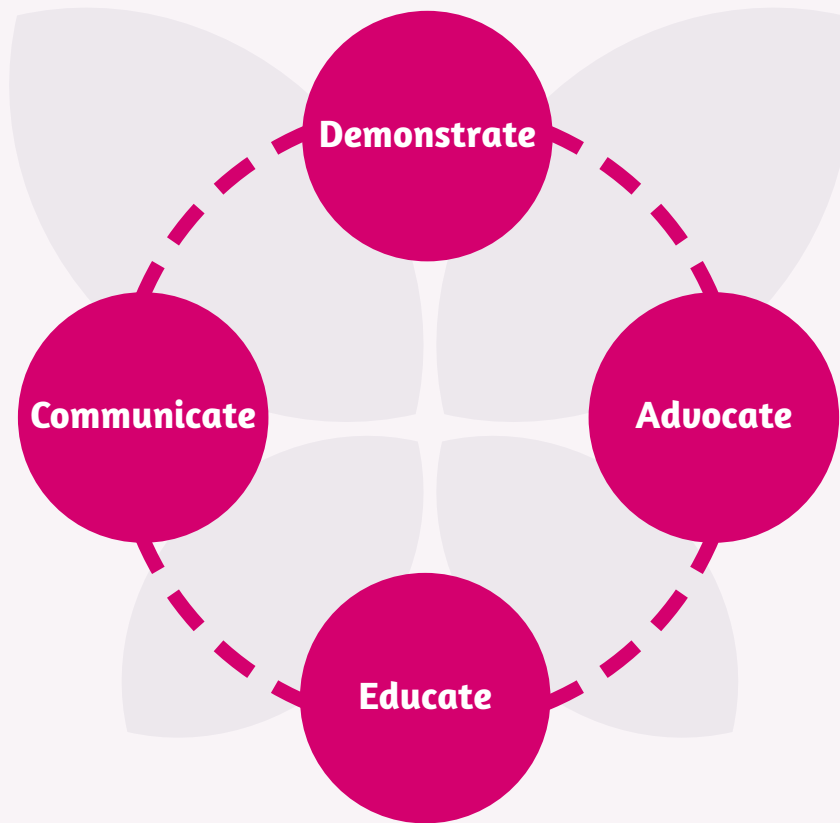
Through the strategic selection of demonstration countries that show how to transform systems of care for vulnerable children in different contexts, Lumos will build an evidence base and body of practice that can be used to train practitioners, and influence policy makers to show that reform is possible in any context, and for any group of children.

Regional 'hubs' and country demonstration programmes will serve as a model for the region. Outcomes from programmes will be used to influence change across the region, persuading regional decision-makers, political bodies and donors to change their policies, funding priorities and practice.



**Pictured:** Ivo at the Parents in Action exhibition in Varna, Bulgaria, marking the International Day of People with Disabilities: "Everyone enjoys my singing! You would not believe all the things I can do! I can, I am just different. Try to understand."

## Lumos' approach



**Demonstrate:** Lumos' programmes across the world prove that it is possible for children to live in families within a community instead of in an institution, whatever the circumstances. Lumos' approach has transformed systems of care, and improved the lives and future prospects of thousands of children. Evidence of the process and outcomes of reform is documented and shared to build the case for reform at local, regional and global levels.

**Advocate:** Lumos drives change at every level by helping global and regional bodies, governments and other donors to understand the importance of families and the harm caused by institutions. This involves strengthening policies and legislation to enable reform and tackle harmful practice, identifying what funding goes into institutions so that it can be redirected to alternatives that help keep families together, and ensuring that all children in institutions are counted and included in national and international development plans. A vital part of this process is ensuring that children and young people are at the centre of the process of change – making sure that they are involved in, and can influence, all decisions that affect them.

**Educate:** Lumos training and support equips professionals and policy makers across the world with skills, knowledge and evidence-based approaches to safely implement reformed care and funding systems in their countries.

**Communicate:** Lumos' research and analysis is shared to inform and shape public opinion to ensure that the negative impact of institutions on children's health, development and life chances, and that better alternatives exist, is understood. This approach aims to shift attitudes to donating to, and volunteering in, institutions so that funding is redirected towards strengthening families and communities.

## Future Lumos landmarks

### by 2025

- Every country with large numbers of children in institutions will have a national action plan.
- Lumos will advocate in every region to tackle the key drivers of institutionalisation.
- Major funders will divert funds away from institutions and towards community-based services.

### by 2035

- Four million children will have left institutions or been prevented from going in the first place.
- More than 100,000 professionals will have received Lumos training.
- Outcomes for children will be analysed, documented and shared globally.

### by 2050

- No more children will be living in institutions anywhere in the world.
- All countries will have community-based services to enable all children to live in families.
- At least \$15 billion of major donor funding will have been leveraged to fund the reform process across the world.

## Mission, Vision and Values

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

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

### Values

**Child-focused** – the rights and needs of children and their safety, protection and well-being is at the centre of everything Lumos does.

**Accountable** – Lumos takes responsibility for its actions and always considers the consequences for children and families.

**Transformative** – Lumos supports change that creates a positive and sustainable difference to the lives of children.

**Inclusive** – Lumos seeks to ensure access to opportunities for everyone and involve young people in all its work.



## Achievements in 2017

# 1. Keeping families together



## In 2017, Lumos:

- **Relocated 599 children** from institutions to loving families, family like settings or independent living.
- **Prevented 3,272 children** from entering institutions, supporting governments to strengthen families and provide inclusive community services.
- **Provided 493** life-saving medical and social interventions to children and families at risk of illness, malnutrition or abuse.
- **Trained 3,902** social workers, medical professionals, teachers, carers, civil servants, policy makers and other stakeholders in how to transform care services to better meet the needs of children.<sup>20</sup>
- **Hosted** study visits for **21 organisations** to educate, inspire and motivate professionals from countries seeking to close institutions, giving them a model to influence their own services.
- **Advised 39 organisations in 34 countries** on how to transform care, develop legislation, and implement national action plans.
- **Started** demonstration programmes in Bulgaria and Ethiopia to **prevent the institutionalisation of unaccompanied migrant and refugee children** – ensuring they are supported in families as they flee from political unrest, conflict and discrimination.

<sup>20</sup> Many professionals have attended more than one Lumos training session, and this figure therefore refers to the cumulative total number of training spaces filled in 2017, rather than the number of individual people trained.



## Supporting one of the first ever closures of an institution in Colombia

In 2017, Lumos partnered with Fundamor, an institution for young people living with HIV and AIDS, to reunite 43 children with their families or enable them to live in foster care, family-like settings or independently. This is one of the first examples in Colombia of an institution transitioning to family and community-based care and will serve as a model to influence other institutions in the country.

## Preventing child mortality in Moldova

Lumos worked with the Moldovan government to put in place systems to identify and support vulnerable children and families. This support includes life-saving interventions, such as overcoming malnutrition or identifying when a family is in crisis and needs assistance. Lumos provided medical and social interventions to 223 children in two demonstration regions, Floresti and Ialoveni.<sup>21</sup>



## Mapping the current situation of orphanages in Haiti

As with many countries across the world, the situation of children in orphanages in Haiti is largely unknown. There is little information available on the number of orphanages and children in them or basic information about the children – such as who they are and why they are there, and what the situation is like in the orphanage. Without a solid understanding of the orphanage system in the country, it is challenging for the government and partners to plan and deliver services to support vulnerable children.

To overcome this gap in knowledge, Lumos worked in close partnership with the Institute of Social Welfare and Research (IBESR) – the government's child protection department – and other stakeholders, to evaluate 571 institutions in which over 18,000 children are housed. This information will be a key foundation for identifying orphanages in need of immediate intervention, and planning reform of the system.



<sup>21</sup> Data sourced from The Center of Family Doctors in Floresti and Ialoveni Health Center. Government of the Republic of Moldova. (2018). [Number of mortality cases of children age 0-5 prevented within IM project]. On file with Lumos.

## Training practitioners to lead the reform process around the world

Lumos partnered with the UNESCO Child and Family Research Centre at the National University of Ireland Galway and the UNESCO Chair programme at Pennsylvania State University to work on the Knowledge Transfer Project, funded by The Atlantic Philanthropies. This project is an integral part of Lumos' global strategy to spread the high-quality research and professional skills needed to support childcare reform. It involved training 97 experienced trainers across 14 countries who then shared their knowledge. Over 14,000 practitioners trained through Lumos' train-the-trainer programme through workshops, training courses, conferences, events and individual sessions, with a further 19,000 practitioners reached through articles and blogs.

**“A huge opportunity for us to see the work with children, starting from birth up to young adults. As a mother I was so impressed with the level of care and love shown at the services. I will make sure that we allocate our money towards improving the lives of our children.”**

**A government official from Moldova, describing her study visit to the UK**

## Developing new models of care in Bulgaria

Krushari was the most notorious and largest state institution in Bulgaria for children with severe and complex disabilities. Lumos provided a team of experts to support the government in preparing the children to be moved to alternative care. Elena\* was part of this team, assessing the children and providing physical therapy and support, when she met 13-year-old Dimitar\*.

At the time, the foster care system for children with disabilities was almost non-existent but when Elena found out that Dimitar was seriously ill and about to be transferred to yet another institution, she visited him in hospital.

**“When I left, he was well,” Elena said. “Now he looked like a skeleton. I held him in my arms and felt he might fall apart. He looked at me with a tear in his eye and everything inside me turned.”**

After her visit, Elena returned home and wrote a letter to the authorities, asking to become his foster mother. Throughout his whole life at Krushari, Dimitar had never even been out on a walk. Now, the two enjoy walks together. “He understands when I start dressing him for a walk”, Elena says, and “he starts to make joyful sounds.” Dimitar is now in a loving family.

**In 2017, Elena received the annual award of the National Foster Care Association. This is one of the first cases of foster care for a child with severe disabilities in Bulgaria and is a model for how to develop specialised foster care in the country in the future.**

*\*Names have been changed.*

## Strengthening models of family-based care for unaccompanied children

The refugee crisis is one of the greatest humanitarian emergencies of our time. Too often, children on the move end up in camps, detention centres, or on the streets. This exposes a group of children who are more likely to have experienced trauma, harm and abuse to greater risk, and deprives them of a supportive, loving family who can provide them with the care and protection they need at a traumatic time in their lives.

In 2017, Lumos started developing two demonstration programmes in Bulgaria and Ethiopia to strengthen care systems for unaccompanied children, to prevent institutionalisation and develop models of family-based care.

### Bulgaria

In Bulgaria, Lumos is working with government agencies, including the State Agency for Refugees, to develop child assessment methodology, help young people access social, health and education services, and start to develop models of family-based care – such as foster care – for unaccompanied children.

### Ethiopia

In Ethiopia, Lumos is working in partnership with the United Nations High Commission for Refugees (UNHCR), Norwegian Refugee Council (NRC) and Innovative Humanitarian Services (IHS) to strengthen and expand family-based care for unaccompanied children in the refugee camps in Shire, Northern Ethiopia. This includes developing short-term emergency foster care placements for unaccompanied children to avoid them staying in a reception centre, which exposes them to high levels of risk of abuse and harm.



## 2. Changing the system



### In 2017, Lumos:

- **Exposed** the relationship between trafficking and exploitation of children in institutions as a form of trafficking and modern slavery.
- **Identified and redirected funding** from institutions towards community-based support for children and families.
- **Advocated** for reform through the production of high-quality research into the impact of institutionalisation.
- **Monitored** use of European Commission funding to support deinstitutionalisation.
- **Raised** the profile and increased awareness of the harm of institutions.

## Recognising orphanage trafficking as a form of modern slavery in Australia

Lumos provided evidence to the Australian parliamentary inquiry into establishing a Modern Slavery Act. As a result of the inquiry, the Australian government set a global precedent by recommending that 'orphanage trafficking' should be included in the definition of modern slavery. In its final report, the Committee listed 11 recommendations on measures to fight orphanage trafficking.<sup>22</sup> Under the acknowledgement that orphanage tourism contributes to the demand for children to be trafficked into orphanages, the government launched a 'Smart Volunteering' campaign where they explicitly discourage any short-term, unskilled volunteering in orphanages.

Lumos contributed evidence from different countries together with video testimony from three children and young people from Haiti, who spoke of the neglect and abuse they suffered after being trafficked into orphanages.

### Wesley\* shared his story at the Inquiry in 2017:

**"It was just like we were merchandise. We were on the market place and they had to sell us to keep the money coming in." Lumos supported the reunification of Wesley with his family and he spoke of what makes family care different: "Sometimes when I go to bed, I forget to take my pillow – and my mom will come and put one under my head. This makes me feel good."**

*\*Name has been changed.*

## Raising awareness of orphanage trafficking as a global issue

Lumos organised two high-profile events to expose the issue of 'orphanage trafficking'. In Brussels, Lumos co-hosted an event with the European Commission on EU anti-trafficking day – which included contributions from a senior official from the US Trafficking in Persons department. In addition, Lumos co-hosted *We Are Not Merchandise: Children in Institutions and Modern Slavery* at the United Nations in New York with the United Kingdom, United Arab Emirates, Argentinian and Bulgarian Missions to the UN.

In September, Lumos CEO Georgette Mulheir spoke on BBC Radio 4's Woman's Hour about the connection between orphanages and modern slavery. Speaking to an audience of 3.7 million people, she shared Lumos' experience around the world of the dangers of volunteering in orphanages:

**"Even if you go to an orphanage that looks nice and where you think the children are being cared for properly, you will not know whether they have been trafficked. Do not support this industry. Find other ways to volunteer. Find community-based programmes. People who are donating to orphanages, find out about the orphanage you're donating to and encourage and help them to get children back to their families, because it is possible."**

### Georgette Mulheir

The increased focus on the harm of volunteering in and donating to orphanages saw three of the worlds' largest volunteering and travel companies make public commitments to stop sending volunteers to orphanages. Lumos has provided one of the companies making this transition with ongoing support throughout the process.

<sup>22</sup> Parliament of Australia. Inquiry into Establishing a Modern Slavery Act. 8. Orphanage trafficking. [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Foreign\\_Affairs\\_Defence\\_and\\_Trade/ModernSlavery/Final\\_report/section?id=committees%2freportjnt%2f024102%2f25036](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/ModernSlavery/Final_report/section?id=committees%2freportjnt%2f024102%2f25036) [accessed 24 May 2018].



## Responding to orphanage trafficking in Haiti

In June 2017, Lumos co-hosted the first national conference to combat trafficking in Haiti. This represented a significant turning point as the governments of Haiti and the United States, together with the European Union, acknowledged 'orphanage trafficking' for the first time. Lumos' report, *Funding Haitian Orphanages at the Cost of Children's Rights* was shared at the conference, which provided compelling evidence of Haitian orphanages 'recruiting' children through deception or coercion to receive donations from abroad. As a result of the conference, the government signed a commitment to anti-trafficking and Lumos supported the Anti-Trafficking Committee to develop and disseminate a five-year anti-trafficking strategy. This signalled the genuine commitment of the country's government and civil society to end the abuse and exploitation of children in orphanages.



## Money matters: understanding the 'orphanage business' in Haiti

In 2017, Lumos investigated patterns of funding to Haitian orphanages and found that impoverished parents were being targeted and tricked by traffickers into giving up their children for the promise of a better future.

These children were then being used to encourage generous international organisations to donate money to orphanages, many of which operate purely for profit. Lumos' research was able to document at least \$100 million was donated annually, mainly from North American, Christian funders.<sup>23</sup>

## Money matters: demonstrating the financial case for reform in the Czech Republic

Despite improvements in the care system in the Czech Republic, 7,963 children still remain in institutions. Over the last 20 years, the government has invested significant resources in the development and renovation of institutions, and many people believe that institutions provide good-quality care. In order to influence and support the government to transition away from institutions, Lumos undertook financial analysis into the current cost of institutions and the cost of alternatives that keep families together, in addition to modelling what the future cost of the institutional system would be.

## Money matters: monitoring the European Commission's commitment to reform

In 2014, advocacy by Lumos and other civil society organisations led the European Commission to change its funding regulations for EU Member States and pre-accession countries. This was a major achievement as the conditionality they applied to European Structural and Investment Funds essentially prohibited Member States from them being used to build or renovate institutions.

In order to monitor the European Commission's commitment and ensure that Member States are not using EU funds for institutions, Lumos and partners support **Community Living for Europe: Structural Funds Watch**, an independent initiative that tracks how the commitment to support community living for persons with disabilities, children and older persons is being achieved.



**\$100million** = could pay for 770,000 Haitian children to go to school.



**\$100million** = 30,000 children currently in orphanages could be reunited with their families or supported in alternative care. Additionally, more than half of the 207,000 children under age 15 living in unacceptable conditions of child domestic labour – *restavek* situations – could return home and be supported within their families.



**\$100million** = 130 times Haiti's national child protection agency's annual budget.



### Foster care

For the amount spent annually per child in an institution, **1.5 children** could be supported in foster care.



For the amount spent annually per baby in an institution, **3 babies** could be supported in foster care.

### Community

For the amount spent annually per child in an institution, **19 children** could be supported in the community.

For the amount spent annually per baby in an institution, **38 babies** could be supported in the community.

### In November 2017, the report was launched at the European Parliament, which highlighted that:

- the Commission's funding regulations have driven billions of Euros towards reforming systems, shifting away from institutions to community-based living. It has catalysed a movement across the region that has encouraged Member States to support communities that have previously been left behind.
- challenges remain to ensure that the regulations are fully implemented, including the need to build the capacity of Member States to design, implement and monitor reform, and greater involvement of civil society in the process.

## Increasing awareness of the harm of institutions

Lumos aims to increase awareness about the harmful effects of institutionalisation on children's lives among the public and key influencers to convince them of the case for reform and, most importantly, the alternative.

In 2017, Lumos gained nearly 100,000 new Twitter followers and engaged with new audiences across social media channels through campaigns, case studies and films.



**Facebook followers:**

**79,280**

up **15,376** from 2016 (63,904)



**Twitter followers:**

**161,256**

up **99,236** from 2016 (62,020)



**Instagram followers:**

**51,923**

up **20,923** from 2016 (31,000).

## 2017 fundraising campaign

Lumos launched a fundraising campaign in 2017 that helped grow supporters across all Lumos' social media channels. Lumos CEO, Georgette Mulheir, was joined by Alison Sudol and Dan Fogler, stars of *Fantastic Beasts and Where to Find Them* to launch a digital fundraising campaign through Facebook and Twitter. Partners, supporters, ambassadors and stars of the film including Eddie Redmayne showed their support using selfies, photos and videos to encourage donations on the CrowdRise fundraising platform. Supporters donated to Lumos Foundation USA for the chance to win a visit to the set to meet cast members, sharing Lumos' messages across the world. **The campaign raised over \$300,000.**



# 3. Putting children first

## In 2017 Lumos:

- **Supported** self-advocates to be involved in decisions that affect them and to represent themselves, and children in institutions, at high-profile events.
- **Involved** 608 children in youth participation programmes.
- **Set up** youth advisory boards in Bulgaria, the Czech Republic and Moldova.
- **Advocated** for children living outside families to be included in monitoring mechanisms to assess progress of the UN's Sustainable Development Goals (SDGs).



Lumos' youth participation work in 2017 was generously part-funded by the Erasmus+ programme of the European Union. In July, Lumos held the second Lumos annual youth forum. 25 young people came together from the Czech Republic, the UK, Moldova and Bulgaria to learn how to use their experiences and ideas to improve childcare systems.



Co-funded by the  
Erasmus+ Programme  
of the European Union



## Encouraging child and youth participation

Children are at the heart of Lumos' mission and it is crucial that they are involved in decisions that affect them.

Lumos self-advocates played a leading role at key events in 2017, including the UN Conference of State Parties and the launch of the Structural Funds Watch report in November. Lumos' Bulgaria office hosted the second Lumos Annual Youth Forum with the support of the Erasmus+ programme of the European Union, and youth advisory boards were set up in Bulgaria, the Czech Republic and Moldova. The boards are an important step towards ensuring that young people have more influence on Lumos' planning, strategy and governance.

A Lumos-supported Parents in Action group organised a photography exhibition of young self-advocates in Varna, Bulgaria. The photos highlighted the talents of children and young people with disabilities. The exhibition visited several cities in Bulgaria and even visited Ireland.

**Pavel:** "My friends know that I like to dance but I can do other things as well, things that I still enjoy but that are useful to others."



## Ensuring that all children count

Children who don't live in families are often invisible. Authorities may not even know that they exist so their progress isn't measured or supported and the need for change remains unrecognised. In 2017, the need to close this data gap was increasingly recognised by international influencers, with Lumos playing a key role.

Children living outside households and families are some of the world's most vulnerable children. There are currently no effective and universally accepted methods of counting these children or assessing their development. This can make it easier for children to disappear. Moreover, countries are more likely to invest in children they know exist and where they can measure progress. If children aren't counted, there is a danger they simply do not count and are left behind as countries make progress.

Lumos co-hosted the #ChildrenCount17 Closing the Child Data Gap with Comic Relief Inc. USA, Global Alliance for Children and the Permanent Mission of the United Arab Emirates to the United Nations. The summit gathered data experts, national statisticians, policy makers, civil society and the private sector to discuss how to ensure data is collected and who is the most in need. The summit called for political commitment, investment in technical expertise and resource generation to ensure that children living outside families, including in institutions, will not be left behind. Lumos and partners also ensured that children in institutions would be included in the UN's Global Study on Children Deprived of Liberty.

**"We need to know how many [children] there are so that we can find out how to reach them and help them. It's not just a matter of children being a number. They're a face, they're a human, they're people, they have a right to be supported."**

**Pat Dolan – UNESCO Chair in Children Youth and Civil Engagement**

**Pictured:** Olga, Lumos self-advocate.



# 2018 strategic plans

## Advocacy

- **Play** an active role in monitoring the use of EU Member State funding to support deinstitutionalisation, and to advocate that EU funds, around the world, must never support institutions but should instead be used for the development of community support services for children and families.
- **Develop** and implement strategies to influence multilaterals, governments, private foundations and faith-based communities to change their policies and practice, and shift funding away from orphanages and other institutions to support services in the community.
- **Ensure** that children outside families are captured in monitoring mechanisms to assess progress of the UN's Sustainable Development Goals (SDGs), and are included in subsequent programming.
- **Ensure** the relationship between institutions, voluntourism, trafficking and modern slavery is recognised and prioritised nationally and internationally. Secure policy and legislative commitments, with deinstitutionalisation being understood as a powerful anti-trafficking measure.
- **Seek** global commitments towards ending the detention and institutionalisation of unaccompanied children.
- **Support** children and young people to play a central role in decisions that affect them.

## Europe

- **Support** governments in demonstration programmes in Bulgaria and Moldova to safely implement plans to ensure that no children remain in institutions by 2025.
- **Ensure** the government in the Czech Republic implements a strategy to create long-term, sustainable services for families in the community.
- **Support** local authorities and the government to create comprehensive and affordable strategies for care reform in Greece, Ukraine and Russia.
- **Develop** and share the knowledge and expertise of Lumos' European teams in other countries.

## Latin America and the Caribbean

- **Support** the Haitian government and partners to develop a care reform plan and to identify and close the worst institutions in the country. Work alongside the Anti-trafficking Committee to implement the national strategy.
- **Establish** a demonstration programme in Colombia and a regional 'hub' to drive forward reform in the region.



## Global

- **Scope** and expand programmes into new regions, with a particular focus on Sub-Saharan Africa and the Middle East.
- **Develop** and start to implement the Changing the Way We Care programme, together with partners, Catholic Relief Services and Maestral.

## Training and technical assistance

- **Strengthen** capacity to deliver high-quality, large-scale training and to respond to requests from countries around the world for technical support in their reform processes.
- **Develop** online training resources to provide high-quality, consistent and free support to practitioners globally.

## Research

- **Develop** a research strategy that creates leverage for advocacy, optimises learning in demonstration programmes and supports high-quality replication of Lumos' model.

## Communications

- **Develop** positioning, messaging and brand to grow global awareness of Lumos and engage businesses, volunteers, governments, faith groups and philanthropists in changing the way vulnerable children are cared for around the world.

## Fundraising

- **Focus** on strengthening behind-the-scenes support, addressing barriers to effective fundraising.
- **Diversify** sources of income, strengthening income from grants, develop new partnerships and increase income from online fundraising.

**Pictured:** Mihaela, Professional Self-Advocate for Lumos, photographed for an exhibition in Bulgaria.





# Governance and Financial Statements 2017

# Principal risks

## Statement of risks and uncertainties

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

- **governance risks**
- **operational risks**
- **financial risks**
- **environmental and external factors**
- **compliance risk (law and regulations).**

The register is reviewed annually by the Finance Investment Committee on behalf of the Board. The Board discuss risks whenever there are significant changes to the operating environment. The risk register also informs the work of the Internal Audit function of the charity.

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

- **Safeguarding and security** – the risk to the charity’s staff in carrying out their duties, or the risk to children or to the public as the charity carries out its duties (this risk covers child protection).  
*Mitigating actions:* Lumos has a Safeguarding Policy in place, supported by training and monitoring. Lumos works closely with external security experts to review and strengthen existing security processes and policies.  
*Recent actions:* Lumos has recently updated the Safeguarding Policy and all staff receive regular training. Lumos has developed a new Security Policy, which is being implemented and will be supported by training for all staff.
- **The risk of country instability to Lumos work** – the risk to operations and staff from war and general instability in countries where Lumos works.  
*Mitigating actions:* Keeping a close watch on the situation on the ground, through communication with staff and with external sources, such as our insurance providers and security experts. Duty of Care policy and comprehensive insurance are in place.  
*Recent actions:* Lumos has introduced risk assessments for all staff travelling to high-risk countries.
- **The risk of fraud and error** – the risk of financial loss, reputational risk or regulatory action due to fraud or error.  
*Mitigating actions:* Implementation of financial controls, systems and procedures, external and internal audit.  
*Recent actions:* Lumos is in the process of implementing a new global finance system, which will be used in every country where Lumos has operations. This will enable Lumos to further strengthen the existing processes and controls.

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

# Financial review

A summary of the year's results can be found on page 46 of the attached accounts.

<b>Lumos' income in 2017 totalled</b>	<b>£8,503,346</b>
	(2016 – £9,149,009)

<b>Funds from individual giving</b>	<b>£959,185</b>
including Gift Aid and pro bono support	(2016 – £5,205,381)

<b>Lumos received grants totalling</b>	<b>£4,342,864</b>
including a grant of £3,846,057 from Comic Relief	(2016 – £1,118,335)

These results reflect Lumos' investment in establishing grants fundraising as part of an ongoing strategy to diversify our funding base.

<b>Income from royalties amounted to</b>	<b>£2,658,801</b>
	(2016 – £2,073,173)

This increase is from new royalty agreements from the book and audio titles *Fantastic Beasts and Where to Find Them* and *Quidditch Through the Ages*.

<b>In addition, Lumos also generated investment income of</b>	<b>£314,291</b>
	(2016 – £351,341)

<b>and other income of</b>	<b>£228,205</b>
	(2016 – £400,779)

<b>Lumos' total expenditure in 2017 totalled</b>	<b>£7,969,219</b>
	(2016 – £6,463,089)

<b>Expenditure on charitable activities amounted to</b>	<b>£6,793,452</b>
	(2016 – £5,227,969)

<b>Costs of raising donations and donor communication costs</b>	<b>£1,074,812</b>
	(2016 – £1,142,558)

<b>Investment fees amounted to</b>	<b>£100,955</b>
	(2016 – £92,562)

<b>Net funds movement for the year was</b>	<b>£1,127,359</b>
following investment gains of £593,232	(2016 – £3,551,358)

<b>Unrestricted reserves carried forward amount to</b>	<b>£17,874,708</b>
	(2016 – £15,847,727)

<b>and restricted reserves carried forward amount to</b>	<b>£1,171,725</b>
	(2016 – £2,071,347)

## Investment policy and performance

Lumos' funds available for investment are managed by Close Brothers Asset Management (CBAM), who have been carefully selected by the Board and mandated to manage such funds to achieve long-term total return (combination of income and/or capital growth) primarily to preserve the real capital value of the portfolio over time through investment in a diversified portfolio of equities, bonds and alternative assets. CBAM's positioning and performance are formally reviewed by the Board's Finance Investment Committee quarterly. The funds held by CBAM are managed in accordance with the charity's Investment Mandate, which is set by the Trustees. The Investment Mandate sets out the charity's attitude to investment risk, the type of investment instruments available to the asset manager and ethical considerations.

At year end, funds managed by CBAM on behalf of Lumos amounted to £9,861,586 and a return of 7% was achieved for 2017, in line with expectations.

## Fundraising policy

Lumos Foundation has voluntarily subscribed to the Fundraising Regulator and adheres to the Fundraising Regulator's code of practice. Lumos is also a member of the Institute of Fundraising. In 2017, Lumos ran global digital campaigns, including a Christmas/end of year appeal. Lumos delivered a number of special events for high-net-worth supporters and developed funding partnerships with some key trusts and foundations. Lumos continued to develop deeper relationships with corporate organisations, in particular those associated with the Wizarding World.

Lumos is aware of the need to protect the public and vulnerable people from undue pressure to donate. The individual preferences of donors are respected and Lumos follows the UK Fundraising Code of Practice for all fundraising events, activities and interactions with donors. Lumos does not currently use third-party agencies to fundraise. In 2017, there were no complaints.

## Reserves policy and going concern

The Trustees balance a prudent reserves policy, which ensures that Lumos has sufficient funds to complete ongoing activities in the event of a significant fall in income, while also supporting Lumos' strategic international expansion.

Over the past four years, Lumos has been growing at an average rate of 25% and in 2018, the annual expenditure budget is rising close to £11.0m, an increase of more than 35% from 2017.

This rapid growth, driven by the success of Lumos programmes, has significantly increased the demands on income generation. In recent years Lumos has started to diversify its fundraising activities by investing in new streams that are expected to deliver sustainable income in future years.

At 31 December 2017, Lumos had total funds of £19.04m (2016 – £17.92m).

### Restricted funds (£1.17m)

Restricted funds are funds with specific restrictions imposed by donors. These restrictions often relate to a particular geography or area of technical expertise and sometimes include a deadline by which time the funds must be spent.

### Unrestricted funds (£17.87m)

Unrestricted funds are held for the following purposes:

## To mitigate the principal financial risks facing Lumos

In terms of income, this includes the risk of fundraising not growing at the required rate to match expenditure growth in 2018. In addition to fundraising risk, there are also risks of stock market variations, which may negatively impact the value of the investment portfolio and future levels of return.

On the expenditure side, the fund is used to manage the negative cashflow position in the first six months of the year, as Lumos typically receives the majority of its income in the final quarter. The fund also provides cover against the possibility of an unfavourable movement in exchange rates, which may increase the cost of delivering some of Lumos' programmes.

### **To enable Lumos to provide emergency response services**

There are situations that can arise throughout the year where an immediate response is required before income is received from fundraising activities. A recent example is Lumos' emergency response work in Haiti.

### **To help to protect Lumos' work beyond the current year**

In the event of a sustained downturn in income, Lumos would require at least two years to be able to make adjustments to programmes. This includes the established country demonstration programmes in Europe, the newly established Latin America and the Caribbean programmes in Haiti and Colombia, and technical support that is provided to a number of countries around the world, where Lumos does not have a physical presence.

At the same time, Lumos is able to retain funds to maintain its 100% pledge to the public, so that no portion of their donation is used to fund overhead costs.

### **Conclusion**

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

# Structure, governance and management

## Governing document

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

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

- The relief of poverty and sickness; the promotion of education; the promotion of child health and development; and the prevention of cruelty to or maltreatment of children in any part of the world.
- Such other exclusively charitable objects as the Trustees in their absolute discretion determine.
- Within the stated charitable objects of Lumos, the Trustees have defined the mission of the charity to be to end the institutionalisation of children worldwide by 2050.

## Related organisations

Lumos Foundation USA Inc. was incorporated in New York, USA, on 6 November 2015, and obtained 501(c)3 non-profit status on 27 March 2015. Lumos Foundation USA Inc. is included in the consolidated accounts on the basis that Lumos Foundation exercises influence and control over Lumos Foundation USA Inc. in accordance with Financial Reporting Standard 102.

Friends of Lumos USA Ltd was incorporated as a charitable company limited by shares on 20 March 2015 and was dormant until 31 March 2016. The sole member of the company, and thus its parent entity, is Lumos Foundation USA Inc. Friends of Lumos USA Ltd is a dual qualified charity that permits individuals to obtain tax relief in the United States and the United Kingdom, thus enabling U.S. citizens and green card holders resident in the United Kingdom to support Lumos' objectives in a tax-efficient manner.

## Trustees

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

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

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

<b>Trustee</b>	<b>Appointed/Resigned</b>
N Blair (Chair of Trustees)	
D Cohen	
C Copland	(Appointed September 2017)
N Crichton	(Resigned December 2017)
R Dattani	
J Harding	(Appointed June 2017)
D Moore	
M Lee-Izu	(Appointed December 2017)
T Motie	
L F Smith (Vice Chair of Trustees)	(Resigned December 2017)
M Smith (Treasurer)	
R Suss	

## Trustee appointment and training

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

During 2017, in addition to Board meetings, Lumos Trustees undertook considerable work through the following Committees and other groups:

- Finance & Investment Committee
- Nominations Remuneration Committee.

Trustees also visited several Lumos projects and programmes.

A system of Trustee appraisal has been created via the Nominations & Remuneration Committee and a skills matrix has been established to determine the range of skills and experience which would be required to fill existing gaps and those created by retiring Trustees in the coming year.

## Organisation

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

## Related parties and cooperation with other organisations

None of the Trustees receive remuneration or other benefits from their work with the charity. Any connection between a Trustee or senior manager of the charity with any related party is disclosed to the full Board of Trustees. Related party disclosures take place annually as part of the external audit process and any conflicts of interest are declared at each Board meeting.

## Grant-making policy

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

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

## Investment powers and restrictions

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



## **Pay policy for senior staff**

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

The pay of the senior staff is reviewed annually, taking into consideration market conditions and sector averages for charities of a similar size. If recruitment has proven difficult, a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

## **Public benefit**

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

# Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

## Disclosure of Information to auditors

Insofar as each of the Trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

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

**Neil Blair**  
**Chair of Trustees**  
**Lumos Foundation**

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

## Opinion

We have audited the financial statements of Lumos Foundation for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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 2017 and of the group's income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the statements
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report included within the trustees' report.

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

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

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 42, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Tim Redwood**

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

London

## Consolidated statement of financial activities (including income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
<b>Income and expenditure</b>					
<b>Income from:</b>					
Royalties from published books	1	2,515,136	—	2,515,136	1,899,849
Other royalties		143,665	—	143,665	173,324
Donations and Gift Aid	2	664,965	294,220	959,185	5,205,381
Investment income	3	314,291	—	314,291	351,341
Other income		228,205	—	228,205	400,779
Charitable activities					
Grant income	18	3,944,178	398,686	4,342,864	1,118,335
<b>Total income</b>		<b>7,810,440</b>	<b>692,906</b>	<b>8,503,346</b>	<b>9,149,009</b>
<b>Expenditure on:</b>					
Raising funds	5				
– Raising donations and donor communication costs		1,074,812	—	1,074,812	1,142,558
– Investment management costs		100,955	—	100,955	92,562
Charitable activities	6	5,200,924	1,592,528	6,793,452	5,227,969
<b>Total expenditure</b>		<b>6,376,691</b>	<b>1,592,528</b>	<b>7,969,219</b>	<b>6,463,089</b>
Net gain on investments	15	593,232	—	593,232	865,438
<b>Net income</b>		<b>2,026,981</b>	<b>(899,622)</b>	<b>1,127,359</b>	<b>3,551,358</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		15,847,727	2,071,347	17,919,074	14,367,716
<b>Total funds carried forward</b>	19	<b>17,874,708</b>	<b>1,171,725</b>	<b>19,046,433</b>	<b>17,919,074</b>

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

## Consolidated balance sheets

as at 31 December 2017

	Notes	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
<b>Fixed assets:</b>					
Tangible assets	14	1,259,043	1,259,043	932,163	932,163
Investments	15	9,861,586	9,861,586	11,513,403	11,513,403
		11,120,629	11,120,629	12,445,566	12,445,566
<b>Current assets and liabilities:</b>					
Debtors	16	3,634,919	3,452,062	1,676,088	1,639,767
Short-term deposit		1,188,130	—	2,489,767	—
Cash at bank and in hand		3,893,121	3,701,682	2,139,945	1,964,077
		8,716,170	7,153,744	6,305,800	3,603,844
<b>Creditors:</b>					
Amounts falling due within one year	17	(790,366)	(896,519)	(832,292)	(1,269,268)
Net current assets		7,925,804	6,257,225	5,473,508	2,334,576
<b>Total assets less current liabilities</b>		<b>19,046,433</b>	<b>17,377,854</b>	<b>17,919,074</b>	<b>14,780,142</b>
<b>Funds:</b>					
Restricted funds	18	1,171,725	1,084,561	2,071,347	1,892,542
Unrestricted funds	19	17,874,708	16,293,293	15,847,727	12,887,690
<b>Total funds</b>		<b>19,046,433</b>	<b>17,377,854</b>	<b>17,919,074</b>	<b>14,780,142</b>

Lumos Foundation statement of financial activities results for 2017: £2,597,713 surplus (2016: £1,751,835 surplus).

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

**Neil Blair**  
Trustee

**Mark Smith**  
Trustee

Date:

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

## Consolidated statement of cash flows

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Net cash (used in)/provided by operating activities	A	(1,377,962)	1,583,135
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		314,291	351,341
Purchase of tangible fixed assets		(392,456)	(90,169)
Proceeds from the disposal of investments and fixed assets		2,635,319	2,265,165
Purchase of investments		(1,912,497)	(1,180,092)
<b>Net cash provided by investing activities</b>		<b>644,657</b>	<b>1,346,245</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(733,305)</b>	2,929,380
Cash and cash equivalents at 1 January 2017	B	6,690,111	3,385,489
Change in cash and cash equivalents due to exchange rate movements		(341,607)	375,242
<b>Cash and cash equivalents at 31 December 2017</b>	<b>B</b>	<b>5,615,199</b>	<b>6,690,111</b>



## Notes to the statement of cash flows

### for the year to 31 December 2017

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

	2017 £	2016 £
<b>Net movement in funds (as per the statement of financial activities)</b>	1,127,359	3,551,358
<b>Adjustments for:</b>		
Depreciation charge	61,352	40,793
Exchange rate loss/(gain)	341,607	(375,242)
Gains on investments	(593,232)	(865,438)
Dividends and interest from investments	(314,291)	(351,341)
Increase in debtors	(1,958,831)	(972,010)
(Decrease)/increase in creditors	(41,926)	555,015
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,377,962)</b>	<b>1,583,135</b>

#### B) Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	3,893,121	2,139,945
Cash held as current asset short-term deposits	1,188,130	2,489,767
Cash held by investment managers	533,948	2,060,399
<b>Total cash and cash equivalents</b>	<b>5,615,199</b>	<b>6,690,111</b>

## Principal accounting policies

### Basis of accounting

These financial statements have been prepared for the year to 31 December 2017. Lumos Foundation is a registered charity and company in England, registration numbers company: 05611912, charity 1112575. The Foundation's registered office address is Peninsular House, 30–36 Monument Street, London EC3R 8NB.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

Lumos Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to the financial statements.

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

### Critical accounting estimates and areas of judgement

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

### Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements.

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

### Group financial statements

The financial statements consolidate the results of the charity and Lumos Foundation USA Inc. on a line-by-line basis in 2017. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Foundation has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

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

Friends of Lumos USA Ltd was incorporated as a charitable company limited by shares on 20 March 2015 and was dormant until 31 March 2016. The sole member of the company, and thus its parent entity, is Lumos Foundation USA Inc.

### Company status

The charitable company is a company limited by guarantee and has no share capital. In the event of the charitable company being wound up, the liability in respect of the guarantees is limited to £1 per member of the charitable company. The members of the charitable company are the Trustees set out on page 69.

## Fund accounting

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

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

## Income recognition

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

## Royalty income

Royalty income is recognised on an accruals basis in the period to which the earnings relate, provided that the charity is able to estimate the amount receivable prior to the date of approval of the financial statements. Royalty income is stated net of Value Added Tax, overseas withholding taxes, returns provisions and bad debt provisions.

## Donations

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

## Investment income

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

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

## Grant income

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

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

## Expenditure recognition

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

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

## Cost of raising funds

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

## Costs of charitable activities

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

## Grants payable

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

## Governance costs

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

## Support costs

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

## Pension costs

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

## Tangible fixed assets

The charitable company capitalises all assets with a cost in excess of £1,000 that are to be held for continuing use. Land is not depreciated. Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Buildings	30 to 50 years
Office equipment	5 to 10 years
Fixtures and fittings	5 to 7 years
Computer equipment	3 to 5 years
Leasehold improvements	Over the term of the lease
Motor vehicles	7 years

## Investments

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

## Foreign currencies

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

## Lease commitments

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

## Irrecoverable VAT

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

## Small Group Homes

The Trustees have considered the treatment of Small Group Homes during the year and concluded that these assets should be classified as Tangible Fixed Assets in the current and prior period as these assets remain in use by the charity in furtherance of its objects.

## Debtors

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

## Current asset – short-term deposit

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

## Cash at bank and in hand

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

## Creditors and provisions

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

## Volunteers

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

## Notes to the financial statements

### 1) Royalty income from published books

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Royalty income				
<b>Total 2017 funds</b>	<b>2,515,136</b>	—	<b>2,515,136</b>	<b>1,899,849</b>
Total 2016 funds	1,899,849	—	1,899,849	
Royalty income by geographical market is as follows:				
United Kingdom	909,170	—	909,170	625,099
Europe	710,943	—	710,943	310,357
Rest of World	895,023	—	895,023	964,393
<b>Total 2017 funds</b>	<b>2,515,136</b>	—	<b>2,515,136</b>	<b>1,899,849</b>

### 2) Donations and Gift Aid

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Donations	628,398	294,220	922,618	4,771,679
Gift Aid	36,567	—	36,567	433,702
<b>Total 2017 funds</b>	<b>664,965</b>	<b>294,220</b>	<b>959,185</b>	<b>5,205,381</b>
Total 2016 funds	3,333,038	1,872,343	5,205,381	

### 3) Investment income

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
<b>Income from listed investments</b>				
UK fixed interest	109,508	—	109,508	84,023
UK equities	99,332	—	99,332	135,985
Overseas equities	51,542	—	51,542	71,058
Property	10,296	—	10,296	21,200
Alternatives	43,611	—	43,611	39,050
	314,289	—	314,289	351,316
<b>Interest receivable</b>				
Bank interest	2	—	2	25
<b>Total 2017 funds</b>	<b>314,291</b>	<b>—</b>	<b>314,291</b>	<b>351,341</b>
Total 2016 funds	351,341	—	351,341	

### 4) Subsidiaries

The activities of Lumos Foundation USA Inc. (Registration Number EIN: 47-2301085, registered in New York) and its subsidiary Friends of Lumos USA Ltd (Charity Registration Number: 1170023 & Company Registration Number: 09502092, registered in England and Wales) are consolidated into the accounts of Lumos Foundation. The net income for Friends of Lumos USA Ltd of £5,007 is included within the consolidated summary financial performance of Lumos Foundation USA Inc. below:

			2017 £	2016 £
Income			952,734	2,860,947
Expenditure	(2,167,515)	(1,296,220)		
<b>(Deficit)/surplus for the year</b>			<b>(1,214,781)</b>	<b>1,564,727</b>
<b>Opening reserves</b>			<b>3,141,773</b>	<b>1,339,022</b>
<b>(Loss)/gains on foreign exchange</b>			(256,462)	238,024
<b>Opening reserves after (loss)/gains on foreign exchange</b>				
			<b>2,885,311</b>	<b>1,577,046</b>
<b>Closing reserves</b>			<b>1,670,530</b>	<b>3,141,773</b>
<b>Reconciliation of funds</b>				
<b>Current assets</b>			1,716,189	3,205,294
<b>Current liabilities</b>			(45,659)	(63,521)
<b>Net current assets</b>			<b>1,670,530</b>	<b>3,141,773</b>

There is a licensing agreement between Lumos Foundation Ltd and Lumos Foundation USA Inc. for the use of intellectual property including the Lumos trademark. Pursuant to the terms of this agreement, Lumos USA Inc. paid royalties of £4,762 to Lumos Foundation Ltd for 2017 (2016 – £36,840).

During the period, Lumos Foundation provided a grant to Lumos Foundation USA Inc. of £148,245 (2016 – £467,257) to cover administration and overhead costs in 2017.

Lumos Foundation USA Inc. made a grant of £964,342 (2016 – £240,419) to Lumos Foundation to support the Latin American and the Caribbean (LAC) programme.

Lumos Foundation provided donated services of £285,583 (2016 – £139,690) to Lumos Foundation USA Inc.

At the year-end an amount of £143,483 (2016 – £430,417) was due to Lumos Foundation USA Inc.

## 5) Raising funds

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
<b>Raising funds and donor communication</b>				
Fundraising costs	810,415	—	810,415	1,001,171
Donor communication costs	87,237	—	87,237	22,704
Support costs (note 8)	177,160	—	177,160	118,683
	1,074,812	—	1,074,812	1,142,558
Investment management fees	100,955	—	100,955	92,562
<b>Total 2017 funds</b>	<b>1,175,767</b>	<b>—</b>	<b>1,175,767</b>	<b>1,235,120</b>
Total 2016 funds	1,235,120	—	1,235,120	



## 6) Charitable activities

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	2017 Total Funds £	2016 Total Funds £
Advocacy and Campaigns	683,648	34,745	404,241	1,122,634	588,847
Deinstitutionalisation in LAC	281,914	447,722	59,285	788,921	881,827
Deinstitutionalisation in Europe	1,727,842	146,059	132,693	2,006,594	1,907,373
Global Deinstitutionalisation	84,876	—	30,440	115,316	503,563
Global Training	754,453	35,115	340,606	1,130,174	620,783
Global Expansion	38,062	—	18,904	56,966	—
Research	171,053	8,885	119,486	299,424	189,835
<b>Total</b>	<b>3,741,848</b>	<b>672,526</b>	<b>1,105,655</b>	<b>5,520,029</b>	<b>4,692,228</b>
Lumos Foundation USA Inc.	768,613	364,742	140,068	1,273,423	535,741
<b>Total</b>	<b>4,510,461</b>	<b>1,037,268</b>	<b>1,245,723</b>	<b>6,793,452</b>	<b>5,227,969</b>

The following table analyses charitable activities between unrestricted and restricted funds for 2017 and 2016:

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Advocacy and Campaigns	1,180,470	171,608	1,352,078	531,529	57,318	588,847
Deinstitutionalisation in LAC	334,725	745,088	1,079,813	264,179	875,905	1,140,084
Deinstitutionalisation in Europe	1,756,339	254,357	2,010,696	1,387,698	519,675	1,907,373
Global Deinstitutionalisation	746,207	15,285	761,492	752,511	28,536	781,047
Global Training	723,984	406,190	1,130,174	451,940	168,843	620,783
Global Expansion	56,966	—	56,966	—	—	—
Research	402,233	—	402,233	189,835	—	189,835
<b>Total</b>	<b>5,200,924</b>	<b>1,592,528</b>	<b>6,793,452</b>	<b>3,577,692</b>	<b>1,650,277</b>	<b>5,227,969</b>

## 7) Grants payable

	Grants to institutions 2017 Total £	Grants to institutions 2016 Total £
CHANGE Project	—	16,793
Advocacy Project in Serbia	—	11,393
New Venture Fund	—	82,392
Palladium	—	307,573
Institute of Child Health	134,591	86,197
NUI Galway Centre for Disability, Law and Policy	8,885	10,000
Save the Children Haiti	447,722	209,192
Advocacy – Structural Funds Watch	34,745	14,895
Knowledge Transfer – Various	35,115	41,258
EU Grant	11,468	—
Faith to Action	4,573	—
Global Alliance	40,026	—
University of Mary Land	35,229	—
Comic Relief	21,164	—
Little Footprints Big Steps	183,646	—
Haitain Families First Inc	11,118	—
Fundamor	61,573	—
The Brookings Institution	7,413	—
<b>Total</b>	<b>1,037,268</b>	<b>779,693</b>

Lumos made grants to Palladium Group and Save the Children to fund deinstitutionalisation activities in Haiti. This enabled Lumos to support reform in the country, while embarking on the registration process for Lumos Haiti with the Haitian government.

## 8) Support costs

	Fundraising & Donor Communication (note 5) £	Charitable Activities (note 6) £	2017 Total Funds £	2016 Total Funds £
Staff development	1,437	9,176	10,613	5,644
Recruitment	7,714	79,824	87,538	77,949
Staff costs	80,457	499,385	579,842	580,263
Rent and service charges	20,126	152,349	172,475	149,971
Telecommunications costs	1,765	11,270	13,035	8,891
Professional fees	15,175	123,782	138,957	112,947
Depreciation	8,309	53,043	61,352	40,820
HR Professional services	8,563	62,983	71,546	33,621
Bank charges	1,912	12,205	14,117	8,331
IT services	8,592	54,850	63,442	73,600
Other admin costs	5,270	34,035	39,305	46,277
Governance costs (note 9)	7,510	86,876	94,386	137,604
FX difference	10,330	65,945	76,275	—
<b>Total</b>	<b>177,160</b>	<b>1,245,723</b>	<b>1,422,883</b>	<b>1,275,918</b>

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

## 9) Governance costs

	2017 £	2016 £
Legal & Professional fees	92,579	132,456
Other costs	1,807	5,148
<b>Total</b>	<b>94,386</b>	<b>137,604</b>

## 10) Net income for the year

Net income for the year is stated after charging:

	2017 £	2016 £
<b>Auditor's remuneration</b>		
– Audit services	16,667	16,000
– Other Services	6,000	—
<b>Depreciation of owned fixed assets</b>	61,351	40,793
<b>Operating lease rentals</b>		
Land and building	193,729	146,909

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

The staff headcount numbers for the period are as follows:

	2017 No.	2016 No.
Management and administrative staff	17	18
Fundraising and donor communication staff	12	9
Programmes staff	62	51
<b>Total</b>	<b>91</b>	<b>78</b>

Staff costs relating to the above persons are as follows:

	2017 £	2016 £
Wages and salaries	2,597,756	1,918,062
Social security costs	393,958	255,684
Pension costs	96,587	47,854
	<b>3,088,301</b>	<b>2,221,600</b>
Agency staff	166,902	124,149
<b>Total</b>	<b>3,255,203</b>	<b>2,345,749</b>

The number of employees whose emoluments during the year exceeded £60,000 were:

	2017 No.	2016 No.
£60,001–£70,000	3	1
£70,001–£80,000	—	1
£80,001– £90,000	3	—
£90,001–£100,000	—	—
£150,001–£160,000	—	1
£160,001–£170,000	1	—
<b>Total</b>	<b>7</b>	<b>3</b>

Pension costs totalling £35,758 (2016 – £17,940) were paid in respect of the above employees.

The key management personnel of the Lumos Foundation comprise the Trustees, the Chief Executive Officer and the Executive Team. The total employee remuneration (including benefits) of the key management personnel of the charity was £755,112 (2016 – £355,498).

## 12) Trustees expenses and remuneration

None of the Trustees, nor any persons connected with them, received any remuneration from the charitable company during the year (2016 – nil). Expenses incurred by the Trustees and reimbursed by the charitable company amounted to nil (2016 – £2,167). The expenses in 2016 related mainly to travel and subsistence costs incurred by three Trustees.

## 13) Taxation

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

## 14) Tangible fixed assets of Charity and Group

	Land & Buildings £	Furniture, Fittings & Equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 January 2017	861,669	243,900	46,801	1,152,370
Additions	—	392,456	—	392,456
Disposal	—	(133,615)	—	(133,615)
<b>At 31 December 2017</b>	<b>861,669</b>	<b>502,741</b>	<b>46,801</b>	<b>1,411,211</b>
<b>Depreciation</b>				
At 1 January 2017	—	198,155	22,052	220,207
Charge for the year	19,806	37,973	3,572	61,351
Disposal	—	(129,390)	—	(129,390)
<b>At 31 December 2017</b>	<b>19,806</b>	<b>106,738</b>	<b>25,624</b>	<b>152,168</b>
<b>Net book value</b>				
<b>At 31 December 2017</b>	<b>841,863</b>	<b>396,003</b>	<b>21,177</b>	<b>1,259,043</b>
At 31 December 2016	861,669	45,745	24,749	932,163

## 15) Investments of Charity and Group

	2017 £	2016 £
<b>Listed investments</b>		
Market value at 1 January	9,453,004	9,672,639
Additions at cost	1,912,497	1,180,092
Disposals proceeds	(2,631,094)	(2,265,165)
Net investment gains	593,232	865,438
Market value at 31 December	9,327,639	9,453,004
Cash held by investment managers for reinvestment	533,947	2,060,399
<b>Total</b>	<b>9,861,586</b>	<b>11,513,403</b>

Listed investments held at 31 December 2017 were managed in behalf of Lumos by Close Brothers and comprised the following:

	2017 £	2016 £
UK fixed interest	2,810,368	2,158,299
UK equity	2,588,432	3,224,424
Overseas equity	2,908,118	2,872,250
Commodities	45,450	45,333
Property	146,651	369,514
Alternatives	828,620	783,184
<b>Market value at 31 December</b>	<b>9,327,639</b>	<b>9,453,004</b>
<b>Cost of listed investments at 31 December</b>	<b>7,331,196</b>	<b>7,527,926</b>

## 16) Debtors

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Other debtors	80,202	80,202	9,854	9,854
Prepayments	148,070	148,070	29,312	29,312
Accrued royalty income	1,583,280	1,583,280	1,250,148	1,250,148
Other accrued income	1,823,367	1,635,748	386,774	313,613
Amounts due from subsidiary undertakings	—	4,762	—	36,840
<b>Total</b>	<b>3,634,919</b>	<b>3,452,062</b>	<b>1,676,088</b>	<b>1,639,767</b>

## 17) Creditors: amounts falling due within one year

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Trade creditors	151,558	151,558	136,433	136,433
Taxation and social security	9,175	9,175	—	—
Accruals	615,343	569,685	685,497	658,816
Amounts due to subsidiary undertakings	—	151,811	—	467,257
Other creditors	14,290	14,290	6,762	6,762
<b>Total</b>	<b>790,366</b>	<b>896,519</b>	<b>828,692</b>	<b>1,269,268</b>

## 18) Restricted funds

	As at 1 Jan 2017 £	Income £	Expenditure £	As at 31 Dec 2017 £
<b>Charity</b>				
Comic Relief	98,557	9,845	108,402	—
European Commission's Civil Society Organisation and Local Authorities (CSO-LA) Programmes	11,763	22,624	34,387	—
Erasmus+ programme of the European Union	—	23,093	23,093	—
Newman's Own Foundation	—	30,219	—	30,219
Advocacy, Research and Training	6,471	279,617	129,984	156,104
Deinstitutionalisation in LAC	1,131,832	985,189	377,950	1,739,071
Deinstitutionalisation in Europe	211,779	117,023	215,868	112,934
Early Institutionalisation Impact Intervention Study	25,860	—	15,287	10,573
Knowledge Transfer Project	406,190	—	406,190	—
<b>Total Charity</b>	<b>1,892,452</b>	<b>1,467,610</b>	<b>1,311,161</b>	<b>2,048,901</b>
<b>Lumos Foundation USA Inc.</b>				
Deinstitutionalisation in LAC	127,276	131,458	258,734	—
Deinstitutionalisation in Europe	46,619	4,447	4,102	46,964
Emergency Intervention	—	25,202	—	25,202
Advocacy, Research and Training	—	18,531	18,531	—
<b>Total Lumos Foundation USA Inc.</b>	<b>173,895</b>	<b>179,638</b>	<b>281,367</b>	<b>72,166</b>
<b>Friends of Lumos USA Limited</b>				
Knowledge Transfer Project	—	10,000	—	10,000
Deinstitutionalisation in LAC	5,000	—	—	5,000
<b>Total Friends of Lumos USA Limited</b>	<b>5,000</b>	<b>10,000</b>	<b>—</b>	<b>15,000</b>
Less Consolidation Adjustment	—	(964,342)	—	(964,342)
<b>Total Group</b>	<b>2,071,347</b>	<b>692,906</b>	<b>1,592,528</b>	<b>1,171,725</b>



## 18) Restricted funds (continued)

	At 1 Jan 2016 £	Income £	Expenditure £	At 31 Dec 2016 £
<b>Charity</b>				
European Commission's Civil Society Organisation and Local Authorities (CSO-LA) Programmes	—	24,215	12,452	11,763
World Bank Social Investment Fund	52,914	66,047	118,961	—
Knowledge Transfer Project	141,573	433,460	168,843	406,190
Advocacy, Research and Training	10,395	59,147	63,071	6,471
Deinstitutionalisation in LAC (including Comic Relief)	216,290	1,712,577	698,478	1,230,389
Deinstitutionalisation in Europe	337,837	212,500	338,558	211,779
Early Institutionalisation Impact Intervention Study	—	101,613	75,753	25,860
<b>Total Charity</b>	<b>759,009</b>	<b>2,609,559</b>	<b>1,476,116</b>	<b>1,892,452</b>
<b>Lumos Foundation USA Inc.</b>				
Deinstitutionalisation in LAC	220,400	219,844	312,968	127,276
Deinstitutionalisation in Europe	—	46,619	—	46,619
Early Institutionalisation Impact Intervention Study	—	101,613	101,613	—
<b>Total Lumos Foundation USA Inc.</b>	<b>220,400</b>	<b>368,076</b>	<b>414,581</b>	<b>173,895</b>
<b>Friends of Lumos USA Limited</b>				
Deinstitutionalisation in LAC	—	5,000	—	5,000
<b>Total Friends of Lumos USA Limited</b>	<b>—</b>	<b>5,000</b>	<b>—</b>	<b>5,000</b>
Less Consolidation Adjustment	—	(240,419)	(240,419)	—
<b>Total Group</b>	<b>979,409</b>	<b>2,742,216</b>	<b>1,650,278</b>	<b>2,071,347</b>

The funds are restricted as follows:

- **Comic Relief**

A grant from Comic Relief generously supported our work in Haiti.

- **European Commission's Civil Society Organisations and Local Authorities (CSO-LA) Programme**

In partnership with CAF Russia, this funding is supporting Lumos to plan and start to implement demonstration work in at least one region of Russia, including helping to strengthen civil society's contributions to the reform of children's institutions in the country and ensuring inclusive and targeted community-based services exist.

- **Knowledge Transfer Project**

Generously supported by The Atlantic Philanthropies, this project applies the learning from Ireland's Prevention and Early Intervention programme to support transformation of services for vulnerable children in Central and Eastern Europe and Latin America/Caribbean.

- **Early Institutionalisation Impact Intervention Study (E-13)**

Building on a study examining the negative impacts on the brain development of children in institutional care in Romania, this new research will extend the study to multiple countries, demonstrating the impact of institutionalisation on early childhood development in different geographical and socioeconomic contexts.

- **Deinstitutionalisation in Latin America and the Caribbean**

The development and growth of Lumos' work to end the institutionalisation of children in the Latin America and Caribbean region.

- **Deinstitutionalisation in Europe**

Building on more than a decade's track record, support for ongoing work to end the institutionalisation of children across Europe.

- **Advocacy Research and Training**

These funds enable Lumos to achieve global change for children through engaging governments, international decision-makers and donors, carrying out research to understand where funding needs to be redirected to community services and empowering children and young people who have been affected by institutionalisation to use their voices to influence change.

- **Newman's Own Foundation**

This grant supports Lumos' global youth participation work to empower young people.

- **Erasmus+ programme of the European Union**

This grant supported Lumos' 2017 Youth Forum in Bulgaria and enabled Lumos Self-Advocates to take part in international advocacy events with policy- and decision-makers in Brussels and Prague.

- **World Bank Social Investment Fund**

Funding to support 24 regions in Moldova to develop inclusive education services, with the aim of providing access to mainstream education for all children.

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

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

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Tangible fixed assets	1,259,043	—	1,259,043	932,163
Investments	9,861,586	—	9,861,586	11,513,403
Current assets	7,835,845	880,325	8,716,170	6,305,800
Current liabilities	(1,081,766)	291,400	(790,366)	(832,292)
<b>Total</b>	<b>17,874,708</b>	<b>1,171,725</b>	<b>19,046,433</b>	<b>17,919,074</b>

Included within investments above are cumulative unrealised gains of £593,232.

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

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Tangible fixed assets	1,259,043	—	1,259,043	932,163
Investments	9,861,586	—	9,861,586	11,513,403
Current assets	5,777,783	1,375,961	7,153,744	3,603,844
Current liabilities	(605,119)	(291,400)	(896,519)	(1,269,268)
<b>Total</b>	<b>16,293,293</b>	<b>1,084,561</b>	<b>17,377,854</b>	<b>14,780,142</b>

## 20) Financial commitments

At 31 December 2017 the charitable company has total minimum lease commitments under non- cancellable leases as follows:

	2017 £	2016 £
Within one year	246,894	67,565
Between one and five years	862,219	243,149
Longer than five years	1,061,779	15,322
<b>Total</b>	<b>2,170,892</b>	<b>326,036</b>

## 21) Comparative Consolidated Statement of Activities and Movement of Funds

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
<b>Income and expenditure</b>				
<b>Income from:</b>				
Royalties from published books	1	1,899,849	—	1,899,849
Other royalties		173,324	—	173,324
Donations and Gift Aid	2	3,333,039	1,872,342	5,205,381
Investment income	3	351,341	—	351,341
Other income		355,604	45,175	400,779
<b>Charitable activities</b>				
Grant income	18	293,637	824,698	1,118,335
<b>Total income</b>		<b>6,406,794</b>	<b>2,742,215</b>	<b>9,149,009</b>
<b>Expenditure on:</b>				
Raising funds	5			
Raising donations and donor communication costs		1,142,558	—	1,142,558
Investment management costs		92,562	—	92,562
Charitable activities	6	3,577,692	1,650,277	5,227,969
<b>Total expenditure</b>		<b>4,812,812</b>	<b>1,650,277</b>	<b>6,463,089</b>
Net gain on investments	15	865,438	—	865,438
<b>Net income</b>		<b>2,459,420</b>	<b>1,091,938</b>	<b>3,551,358</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward		<b>13,388,307</b>	<b>979,409</b>	<b>14,367,716</b>
<b>Total funds carried forward</b>	19	<b>15,847,727</b>	<b>2,071,347</b>	<b>17,919,074</b>

## Reference and administrative details

### President of Lumos Foundation (UK) and Patron, Lumos Foundation USA Inc.

J.K. Rowling

### Trustees, Lumos Foundation (UK)

L.F. Smith (Vice Chair of Trustees)  
(Retired December 2017)

N.L.M. Blair (Chair of Trustees)

R. Dattani

N. Crichton

(Retired December 2017)

D. Cohen

M. Smith (Treasurer)

R. Suss

D. Moore

T. Motie

J. Harding

C. Copland

M. Lee-Izu

### Directors, Lumos Foundation USA Inc.

B. DiMichele (President)

G. Mulheir (Secretary)

L. Little (Treasurer)

B. Berns

### Chief Executive Officer, Lumos Foundation (UK)

G. Mulheir

### Company Secretary, Lumos Foundation (UK)

N. Waring (resigned 3 March 2017)

S. Moir (appointed 3 March 2017)

### Registered Office

Lumos Foundation (UK), Peninsular House, 30–36  
Monument Street, London EC3R 8NB, UK

### Lumos Foundation USA Inc.

557 Broadway, New York NY 10012, USA

### Friends of Lumos USA Ltd

Peninsular House, 30–36 Monument Street, London  
EC3R 8NB, UK

### Lumos Foundation – UK Company registration number

05611912 (England & Wales)

### Lumos Foundation – UK Charity registration number

1112575

### US IRS reference number

47-2301085

### Friends of Lumos USA Ltd – UK Company registration number

09502092 (England & Wales)

### Friends of Lumos USA Ltd – UK Charity registration number

1170023

### Auditor (UK)

Crowe U.K. LLP  
St Bride's House, 10 Salisbury Square,  
London EC4Y 8EH, UK

### Bankers (UK)

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Victoria, London SW1V 1EJ, UK

### Solicitors (UK)

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66 Lincoln's Inn Fields, London WC2A 3LH, UK

### Investment Managers (UK)

Close Brothers  
10 Exchange Square, Primrose Street, London EC2A 2BY, UK

# Thank you for your support

Lumos would like to thank the following partners  
for their generous donations in 2017:

ACCI Relief  
 Bloomberg Philanthropies  
 British Embassy Paris  
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 The Erasmus+ programme of the European Union  
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 Hachette Livre SA  
 Hachette UK  
 Newman's Own Foundation  
 OrphanCare  
 Scholastic Inc  
 The Noble Collection  
 UBS Optimus Foundation

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generously provided by:

The Blair Partnership  
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 Mishcon de Reya LLP  
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Lumos' work would not be possible without the generosity of others,  
and Lumos is grateful to all of its supporters for their contributions in 2017.

**Mèsi anpil**  
Haitian Creole

**Благодаря**  
Bulgarian

**Děkuji vám**  
Czech

**Mulțumesc**  
Romanian

**Thank you**  
English



## About Lumos

At Lumos we are fighting for a world without orphanages and institutions. A world where families can stay together and children have the loving care and protection they need. Lumos is a force for change. We demonstrate the dramatic harm to healthy childhood development caused by institutionalisation and the overwhelming benefits of the alternative: community and family care.

We tackle the root causes of family separation – poverty, trafficking and discrimination – and reunite families. We speak up on behalf of the eight million children trapped in orphanages and other institutions worldwide to transform care, so every child can thrive in families and communities. 80% of these hidden children are not orphans and we prove that, with the right support, they can stay with their families.

Named after the light-giving spell in Harry Potter, Lumos was founded by J.K. Rowling in 2005.

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

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

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