

Administration Costs

A letter from Stephen Lewis, Chair of the Board

When Ilana and I first started the Foundation in 2003 at Ilana's kitchen table, our goal was to raise \$250,000 to fund a handful of grassroots organizations in some of the most AIDS-affected countries in Africa. We thought the SLF would focus on a few of the most effective organizations and just try to ease the pain of AIDS. With the support of a small staff and a legion of volunteers, we managed to keep our core administrative costs below 10% in our first five years and fund grassroots projects in 15 countries.

But today this is simply not enough. The global financial crisis has caused some funders to dramatically decrease and even pull their support from projects. The Global Fund to Fight AIDS, Tuberculosis and Malaria is in deep trouble; the Presidential Initiative in the United States (known as PEPFAR) is flat-lining its budget; the UN is far more rhetorical than substantial, and as a collective result, on the ground, panic is beginning to set in as drug stockouts proliferate and people who need treatment are turned away.

At the grassroots, people are coming together, defiantly, in the struggle against the pandemic. Community-based organizations are struggling to maintain their critical assistance to women, children and grandmothers. When you get past the international delinquency, when you get past the governmental inertia, individual communities prove that the virus can be contained.

That's why the Foundation changed our tagline from 'Easing the pain of HIV/AIDS in Africa' to 'Turning the tide of HIV/AIDS in Africa.' If the tide is to be turned, it will happen on the ground, community by community coming together with infinite resolve.

Our goal is to fund every worthy project in countries that are hardest hit by the pandemic. We also want to increase the reach of the remarkable grassroots organizations we already fund. And we want to help take the most innovative projects continent-wide.

The timing is critical. If we provide the resources now, these community-based organizations can change the course of the pandemic before another generation is lost. With hundreds of projects waiting to be funded, it is our duty to do more.

As a result, we have made a conscious decision to invest in fundraising. We need to see if we can break through the revenue plateau we have reached; currently we are unable to fund even a fraction of the worthy proposals flooding our inboxes. At the same time, we continue to seek and rely on pro bono support and partnerships to offset our costs and raise the profile of the pandemic and the Foundation.

We have maintained a high standard of due diligence – from assessing projects for funding, to tracking how the funds are spent, to working with organizations to ensure that the funds are used to the greatest effect and impact. We are therefore taking strong measures to raise more funds – to invest money in raising money, and, as we grow, to ensure that your gifts are managed well and ethically, in a responsible manner which adheres to the highest standard of Canadian law.

The organization called 'Imagine Canada' - Canada's umbrella group of not-for-profit charities, of which the Foundation is a member - has set standards for ethical fundraising and responsible management of donations, and our costs are still well below those guidelines. We are also well within the guidelines set by the Canadian Government for charities. Our Board of Directors, comprised of respected Canadians, closely monitors our administrative and fundraising expenses.

We guarantee that we will remain utterly committed to keeping our expenses reasonable, and equally committed to the projects we fund which are poised to bring significant change throughout sub-Saharan Africa and help subdue the pandemic at the community level. We must scale up our capacity - to raise funds and continue to administer them with integrity and respect - for the Canadians who give so generously, and for the community-based organizations we support.

We cannot and will not abandon the needs of the continent.

Warm regards,



Stephen Lewis

[For more details about how we calculate administration costs, please continue to page 3.]

Calculating Administration Costs – Understanding the Numbers

From the outset, the Foundation has made every effort to calculate administration costs using the most transparent method possible. We have broken down our expenditures in three categories: core administration, funds development and programme spending.

- **Core administration:** This category includes costs such as office space and supplies, communications costs, IT support and equipment, financial oversight, insurance, legal services and human resources support.
- **Funds development:** During a tough economic period when many non-profits have experienced reduced financial support, the Foundation has made an increased investment in infrastructure to manage the funds and the fundraising. The funds development category includes expenses related to building a fundraising infrastructure, as well as reaching out to existing donors and garnering new supporters through initiatives such as Hope Rising! and the Dare Campaign.
- **Programme funding:** From 2003 until June 2011, we distributed and committed over \$54 million to programmes. To date, funds have supported over 700 initiatives with 300 community-based organizations in 15 African countries. Visit stephenlewisfoundation.org/projects to read more about the projects we support.

We are working assiduously to keep our costs as low as possible. In the last fiscal year (2010/2011) we spent 10% on core administration and invested an additional 9% on funds development.

With the support of in-kind donations, volunteers and partnerships, we have been able to keep our costs down. For example, donated miles from Aeroplan's Beyond Miles programme are used to cover the majority of the costs of travel for our field representatives and our African visitors to Canada. Grants and donations from Cisco Systems, Allstream and other providers have allowed us to upgrade our technology equipment and phone systems at little cost. Our media and creative sponsors – such as *The Globe and Mail*, Naked Creative and other generous agencies – have donated online and print ads, graphic design, printing and newspaper ad space at no cost to the Foundation.

We maintain our commitment to the projects we fund and strive to increase our ability to fund worthy proposals, and continue reach out to the Canadian public to support the efforts of grassroots organizations working to turn the tide of AIDS in Africa. We strive to remain flexible and responsive – including sending additional funds to projects struggling with the impact of the famine in East Africa – and work with our African partners to ensure that the money is being used according to the urgent needs and priorities on the ground. We remain dedicated to our values, always ensuring that funding for the projects is at the heart of all that we do.

Financial Statements

The Stephen Lewis Foundation's financial statements are audited annually by Cowperthwaite Mehta Chartered Accountants. Audited statements are available on our website at stephenlewisfoundation.org/financials. Financial reports are also available on the Canada Revenue Agency (CRA) website at www.cra-arc.gc.ca. Our charitable number is 89635 4008 RR0001.

If you have questions about our financial statements, please call us toll-free at 1-888-203-9990 to speak with Kellie James, Director of Finance, or Alexis MacDonald, Director of External Relations.

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