

Stichting *AIDS Foundation East-West (AFEW)*

Report on the Financial Statements for 2015

This report has been drawn up in accordance with the 2008 **Directive for Fundraising Institutions (RJ650)**, as published by the Dutch Council for Annual Reporting. This directive provides the public with clear criteria for assessing fundraising cost ratios, the expenditure of funds and how far these funds have been spent on the goals for which they were intended.

The following financial statements have been prepared from the accounting records of *AIDS Foundation East-West (AFEW)* and in accordance with the organisation's accounting policies.



AFEW registered with Algemeen Nut Beogende Instelling (ANBI) in the Netherlands. ANBI status confirms that AFEW is a charitable organization that serves the public interests. AFEW is recognized as a charity, therefore all donations are tax deductible and they are fully exempt from gift tax and inheritance tax.

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BDO Audit & Assurance B.V.

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Report of the Board

The members of the *AFEW* Board are pleased to present the organisation's 2015 financial statements.

Who We Are

AFEW Network promotes health and increased access to prevention, treatment and care for public health concerns such as HIV, TB, viral hepatitis and sexual reproductive health and rights. The focus and objectives of the members of *AFEW* Network reflect the local conditions and the needs of the local societies, and are:

- Capacity strengthening of local NGOs and governmental organizations;
- Development of mass media campaigns;
- Development of informational and educational materials and events to inform the target population;
- Advocacy;
- Serving as an effective liaison and partnership with community and governmental structure;
- Piloting and expanding innovative approaches to HIV prevention, treatment, care and support.

We work in six countries in Eastern Europe and Central Asia – the only region in the world where HIV and TB epidemics are still growing and where the rate of injecting drug use is the highest than elsewhere. Equipped with an average of 75 devoted professionals, in 2015 *AFEW* Network ran a total of 11 projects in Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine.

Our Approaches

All the programmes in *AFEW*'s extensive portfolio are founded on the principle of **universal access** and exemplify an approach based on **human rights and social justice**. Put simply, the starting point is that everyone should have equal access to HIV/AIDS, TB and viral hepatitis treatment, prevention and care, including services that reduce harm from drug use or other risky behaviours.

AFEW positions itself as a **partner organisation**. As such, the organisation participates actively in several of the foremost international consortia dealing with HIV and AIDS, as well as building grassroots networks of service providers and local NGOs. *AFEW*'s unique value as a partner lies in its extensive experience of working in local healthcare infrastructure with its international-level expertise, especially on harm reduction and prison he:

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Methods

Through constructive engagement with governments and civil society in the countries where it works, *AFEW* **advocates** for the basic human right to health and demonstrates why it must be extended to reach the most marginalised, stigmatized groups in society.

Recognising that civil society can be effective in filling voids in the health and social systems of the EECA region, *AFEW* **assists local organisations** with technical support (hands-on

training, and customised consultations) so that they can reach more people and serve them more effectively.

Working directly with those who live at the sharp end of the epidemic, *AFEW empowers key populations at higher risk* with targeted, accurate information and assistance in building their own support networks.

Where basic treatment and care (for instance, antiretroviral drugs, care for pregnant women, prevention tools, etc) are absent or inadequate, *AFEW supports the development of direct services to key populations*. In particular, different departments of the healthcare systems in EECA (i.e. tuberculosis clinics, AIDS centres, drug rehabilitation centres) often work in isolation from one another, leading to gaps in care for people with complex issues. *AFEW's* client management models and HIV/TB collaborative activities bridge these gaps and help service providers to better structure their responses.

Finally, *long-term sustainability* lies at the heart of *AFEW's* programming, meaning that each project activity comes with a clear strategy for its eventual handover to local authorities, governments or civil society groups.

The People We Reach and the Public Health Concerns we address

People who use Drugs. At the core of *AFEW's* effort to reduce the exceptionally high level of HIV transmission among injecting drug users in EECA is the support for harm reduction and the set-up of national harm reduction and people who use drugs networks. These networks comprise training centres for professionals, needle exchange points, introduction of opiate substitution therapy and provision of less harmful alternatives to injecting drugs.

Prisoners. *AFEW* works together with ministries of justice, prison health experts, inmates and local NGOs to strengthen local capacity and ensure that prisoners have the same access to information and services as those living outside prison walls. This policy is in line with the internationally accepted principles of the World Health Organisation (WHO). Given the high rate of injecting drug use in the prisons in the region, this implies that *AFEW* also advocates for provision of needle exchange and opioid substitution therapy in prisons. Another major component of *AFEW's* prison work is the introduction and upscaling of *transitional client management*. To ensure continuity of care for released prisoners, a system has been developed that prepares prisoners for release and guides them to medical and social assistance outside of prison.

Vulnerable women. Power and economic imbalances related to gender can increase the vulnerability of women. This vulnerability combined with stigma against female drug users and sex workers leave women with reduced access to harm reduction and drug treatment services. Women living with HIV also require separate attention, if only because of the issue of prevention of mother-to-child transmission (see below) and child care. Activities for *sex workers* aim to create non-discriminatory, non-judgmental and user-friendly medical and psycho-social services, including HIV prevention, counselling and testing services.

People living with HIV. Stigma and discrimination remain prevalent in the countries of EECA, even within the very services that they rely on for treatment and care. Breaking through the wall of prejudice directed at this group is vital to addressing the HIV epidemic and is therefore a priority area for *AFEW*. Education, training and advocacy within state services are combined with mobilization and support of communities of people living with HIV.

Most-at-risk adolescents. *AFEW* develops informational materials, outreach programmes and peer training initiatives especially for young people living in high-risk circumstances. Activities for *street children* focus on developing support systems for children who are deprived of family care and protection. Drop-in centres provide all-round safe havens where children can receive basic services, such as a shelter, food, warmth, clothing, recreation, family mediation and health services. Activities for *young girls that are involved in sex work* focus on empowerment and making informed choices about their lives. Vocational training is offered in order girls want to find alternatives in life. Activities for *young drugs users and young offenders* focus on information and education on healthy lifestyles, including information on HIV and drugs.

Men who have sex with Men (MSM). MSM is one of the key populations at risk. Due to stigma and discrimination MSM encounter barriers in accessing information and health services and having a healthy and satisfying sexual life. *AFEW* is collaborating with local LGBT organizations in training of police officers, capacity building, reaching out and offering information and VCT to MSM.

Governmental and non-governmental organizations (national and international). As part of *AFEW*'s sustainability strategy, *AFEW* strengthens the capacity of local governmental and non-governmental partners. *AFEW* provides technical support in order to equip staff with the right knowledge to provide HIV prevention, treatment, care and support that is up-to-date and of good quality. For instance, *AFEW* trains police staff in HIV prevention and creates a resource centre and a pool of trainers to make such a training programme sustainable. Organisational development comprises training in management skills, administrative and financial skills, monitoring and evaluation and fundraising. These skills promote the sustainability of our partners and hence the sustainability of the approaches that we introduce.

Tuberculosis related activities and TB Patients. *AFEW* is improving knowledge of Tuberculosis among staff of NGO's in Ukraine by developing an e-learning module. *AFEW* joins a consortium of Dutch organizations that enhances integration of HIV and TB.

Viral Hepatitis and in specific Hepatitis C. *AFEW* recognizes the high prevalence of Hepatitis C in the EECA region. The majority of people infected with Hepatitis C is the group of people who inject drugs. *AFEW* advocates for the development of national policy plans and for access to medicaments that are able to treat Hepatitis C.

We invite you to read more about *AFEW*'s projects, past and present, on our website at www.afew.org

Our achievements

Projects 2015

AFEW international secretariat continued leading the multi-year multi-country project Bridging the Gaps: Health and Rights of Key Populations having its activities in Georgia, Ukraine, Kyrgyzstan and Tajikistan, which finished at the end of 2015. The project is funded by the Netherlands Ministry of Foreign Affairs.

The International Secretariat is also coordinating the by ViiV granted project: '*Promotion of healthy life style and improving the personal skills among young offenders in the Republic of Kazakhstan*', the by GoSHAPE (Gilead) grant programme funded project: '*Get informed, Get tested*' in Tajikistan; and the by UNODC funded project in Kazakhstan, Kyrgyzstan and Tajikistan '*Get informed, Get Tested, Get Treated*'. The latter 2 projects aimed to increase the number of people get tested and know their HIV and Hepatitis C status.

In 2015 AFEW as part of the Bridging the Gaps Alliance, submitted a proposal for the prolongation of 'Bridging the Gaps, health and rights of key populations', which was granted again by the Dutch Ministry of Foreign Affairs for another 5 years. Bridging the Gaps 2 will be implemented in the same 4 countries as in the previous project (Georgia, Kyrgyzstan, Tajikistan and Ukraine) and allows AFEW to develop regional activities.

AFEW as part of a consortium of HIVOS, PharmAccess and with the KNCV Tuberculosis Foundation in the lead started a new project on integration of HIV and TB in creating synergy of working between public and non-public (NGO – and private service delivery) health services. This project is implemented in Kazakhstan and will last for 5 years.

The GoSHAPE grant programme from Gilead granted AFEW a project to test prisoners for Hepatitis C in the Russian Federation. With the current policies towards civil society receiving international funding in Russia, we were unable to implement this project. We informed Gilead and are looking for other ways to use the grant.

Furthermore, AFEW is submitting a regional proposal to Global Fund together with the Alliance for Public Health (Ukraine) and Contact Network (Switzerland) to establish a City Platform enhancing interventions for key populations at risk for HIV, TB and Hepatitis C at municipal level.

AFEW was asked by Dutch Ministry of Foreign Affairs to coordinate an increased engagement of Eastern Europe and Central Asia in to the International AIDS Conference 2018, to be held in Amsterdam. AFEW will develop a work plan for 3 years.

Several other small projects are expected to be signed by the AFEW international secretariat during 2016, among which is technical assistance to International NGOs and AFEW local NGOs. AFEW international secretariat continues receiving small annual donations from AIDS-Fondet Denmark for Drop-in Centre for Street Children project in Kyiv, Ukraine. The donor provides irregular contribution to the project, depending on its own fundraising.

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Governance and Finance

Governance

AIDS Foundation East-West fully complies with the code of good practice for charity organisations in the Netherlands, the Code Wijffels. The *AFEW* Board is the **highest level of decision-making in the organisation**. It delegates day-to-day management responsibilities to the Executive Director who then delegates specific responsibilities to other members of *AFEW*'s Management Team (MT) and senior management in regional offices.

Board members bring to the organisation their professional experience in various fields of work, from specialised knowledge of medical treatment and the HIV/AIDS epidemic to expertise in management and budgeting. The Board is charged with overseeing the overall operation of the organisation in order to ensure **good standards of transparency and accountability**. The Board approves the organisation's strategy and the budget, as well as advising the Management Team and senior managers on strategic issues. The Board also evaluates and appraises the work of the Executive Director. Board members receive no financial compensation for their work.

Board Members

The Chairman Frank de Wolf and the treasurer James Nolan stepped down from *AFEW*'s board. Mr de Wolf stepped down in May 2015 and is replaced by Jeffrey Lazarus. Mr Nolan left the board in December 2015, we are in process of appointing a new treasurer in 2016. Ms Elena Vovc is on maternity leave from December 2015 and temporarily leaves the board for 1 year.

As of 31 December 2015, the *AFEW* Board consisted of 5 members.

Jeffrey Lazarus (Chairman)

Vacancy (Treasurer)

Leah Utyasheva (Board Member)

Guido van den Berk (Board Member)

Cate Hankins (Board member)

[Read their biographies: http://www.afew.org/about us](http://www.afew.org/about us)

Board Meetings in 2015

The Board met via a teleconference in January to officially approve the work plan and the budget for 2015. In the face to face meeting on 18 May 2015 the Annual Narrative and Financial Report 2014 were approved. The new chair Jeffrey Lazarus was installed.

To get acquainted with the organisation and to set up an ongoing communication the new chair Mr Lazarus asked for bi-weekly meetings with the executive director and to have 3 teleconferences (once per quarter) and 1 face to face meeting with the board.

The bi-weekly calls are very helpful in addressing on-going issues of management of the organisations and to discussing strategic decisions regarding proposals and projects.

The teleconference at the end of August was to discuss the liquidity of the organisation and the financial sustainability. AFEW secretariat could solve the liquidity concerns that were raised to cover costs in the first 2 months of 2016 (the transition period between Bridging the Gaps 1 and 2) and developed a plan to ensure financial sustainability. This plan was also discussed with the Steering Committee of AFEW Network.

A teleconference in December 2015 discussed the request of AFEW Russia to leave AFEW Network. The link between AFEW Russia and the international network (with AFEW secretariat as international founders of the organisation) makes working in Russia almost impossible. Russian policies towards civil society doesn't allow implementing activities with international funding without being registered as 'foreign agent'. Discussions with AFEW Russia continue in 2016 to come to a solution for this problem.

Steering Committee of AFEW Network

The Steering Committee, consisting of all directors of the members of AFEW Network with the executive director of AFEW International as chair, had 6 skype meetings and 1 face to face meeting in 2015. During the skype calls ongoing issues regarding projects, proposals and conferences were discussed. During the face to face meeting the Steering Committee prepared for a new Strategic Plan by evaluating the current Strategic Plan 2014 – 2016.

Accountability

The Board is satisfied with the financial statements prepared by the Management Team for the year ending 31 December 2015 fairly reflecting the financial position and operations of *AIDS Foundation East-West (AFEW)*. The Annual Report 2015 provides a fair reflection of the programmes, activities and results achieved in 2015. All members of the Board accept responsibility for the Board's annual report and the financial statements prepared by the Management Team. The auditors, BDO, have approved these financial statements for publication.

Performance and Strategy

AIDS Foundation East-West strategic objectives:

AFEW's strengths lie in its focus on key populations most at-risk of public health concerns like HIV, TB and viral hepatitis, particularly people who inject drugs, people in prisons and detention centres, sex workers, MSM and street children whether they are living with HIV or not. Within this area we stand out in our prison work. Therefore, particular attention will always be paid to the role of prisons in public health with respect to the concerns listed above.

Our focus on Eastern Europe and Central Asia and our experience in the region are unique because of the scope of countries and services in which we are involved. We will continue to commit to the region and expand within it where opportunities exist. *AFEW* is open to starting activities in countries beyond the region. While *AFEW* has limited capacity to do so, it may occur in the framework of technical support in programmes run by others and it may also be necessary to become less dependent on the dwindling funding opportunities for EECA.

Our mission contains four strategic elements (advocacy, decreasing stigma and discrimination, innovative strategies for promoting healthy behaviours, and engaging communities and government) that can be translated into three strategic objectives:

- Advocate for protection of the right to health;

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- Increase access to services and reduce stigma and discrimination;
- Build the capacity of communities, NGOs and government organisations (GOs)

1. Advocacy for protection of the right to health

Advocacy is becoming an important tool to draw attention to key populations, HIV, AIDS, harm reduction, and other health-related concerns. To ensure funding, domestic resources, political attention and prioritisation, the need for advocacy has become stronger.

2. Increase access to services and reduce stigma and discrimination

AFEW has introduced the Client Management model into Eastern Europe and Central Asia. This model focuses on the individual and simultaneously strengthens the healthcare system by building a network of services. Client Management has proven to increase the adherence to therapy, and to reduce recidivism of prisoners. We continue to develop and promote this approach in the region. *AFEW* ensures that good quality service delivery is linked with the advocacy agendas of stakeholders in the region. While advocating for increasing access and for quality of services; conditions, standards and availability of those services should be put in place.

Prison Health

AFEW is recognized for its expertise on prison health and working with prison authorities. We continue and expand our leadership role in HIV, TB and viral hepatitis prevention and care in prisons and promote essential elements like harm reduction, including needle exchange and substitution therapy. Transitional client management that prepares prisoners for release and ensures linkage to follow-up after release is a valuable variant of client management that meets many of the (ex)prisoners' needs, and will therefore be scaled up.

3. Build the capacity of local communities, NGOs and GOs

Civil society is a key stakeholder in the response to the HIV epidemic, tuberculosis and viral hepatitis. The health system and other governmental organisations need to have the necessary capacity to act as well. In bringing civil society and governmental actors together, *AFEW* contributes to building diverse and open partnerships. Capacity strengthening in a sustainable way continues to be our key activity for the region.

In some areas where our expertise transcends the regional experience, such as HIV in prison systems, technical assistance is given outside the geographical region of EECA.

Programme Development

In 2015, we continued to adapt our programmes to take into account **emerging trends in the epidemic in EECA**. Injecting drug use has always been the major vehicle for HIV transmission in the region, but in recent years heterosexual transmission has begun to play a far greater role, especially in the older epidemics in Russia and Ukraine. For this reason, we are increasing our focus on sexual health services for **vulnerable youth** and empowerment of **women's** groups. Eastern Europe and Central Asia region is the only region in the world where the HIV epidemic is still growing. The vulnerable groups like people who use drugs, sex workers, men who have sex with men and prisoners are most at risk. *AFEW* will continue its focus on those groups.

In 2015 *AFEW* Network continued implementing a substantial part of budget for **prisoners**. Prison health can be considered as *AFEW*'s core competence. The HIV-REACT project, funded by USAID, is implemented in Kazakhstan, Kyrgyzstan and Tajikistan and addresses the health of people who use drugs in- and outside of prison.

AFEW will continue its advocacy to include **TB** activities in HIV projects. In 2015 *AFEW* joined a consortium of KNCV, HIVOS and PharmAccess to enhance the integration of private service providers into Global Fund funded activities.

AFEW has started its first **Hepatitis C** project. In Tajikistan people who use drugs are tested to assess the prevalence of Hep C and determine the needs for policy change as follow up.

In 2015 *AFEW*'s activities in the framework of '**Bridging the Gaps**: health and rights of key populations' continued with expanding internet-based capacity building and e-learning activities. In Ukraine an internet-based knowledge centre on youth was established together with UNICEF, in Kyrgyzstan and in Tajikistan both virtual knowledge platforms offer a great opportunity for service providers to ask questions and update their knowledge. *AFEW* Tajikistan opened their first centre where they offer direct services to people who use drugs and other key populations.

Geographical Coverage

AFEW network has members in Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Ukraine. *AFEW* international secretariat is based in Amsterdam, the Netherlands. *AFEW* Ukraine is implementing activities in Georgia.

Communications with Stake-holders

AFEW's Strategic Plan sets a series of objectives for communications with a variety of stakeholders. As a Dutch organisation, which has benefited from core funding from the Dutch and EU tax-payers over the years, *AFEW* has **a responsibility to inform public in Western Europe about HIV in EECA**.

AFEW continued to attract attention to its work at **key moments such as World AIDS Day, World TB Day and during the launch of new projects**, through events and press liaison at the regional level, together with online reporting. Furthermore, *AFEW* communicates with its stakeholders through the general website and Facebook, the annual report and newsletters.

Human Resources Management and Efficiency

Ethical work practices are one of the guiding principles of *AFEW*. ***AFEW* Code of Conduct** clarifies certain issues related to privacy, conflicts of interest, the use of *AFEW*'s property and behaviour that could damage *AFEW*'s reputation or expose *AFEW* to legal liability. The Code illustrates ethical standards that apply to all *AFEW* employees worldwide.

AFEW staff adheres to a high and uniform set of conduct standards. Every employee has a personal obligation to uphold these standards, and act in an ethical manner with each other, our partners, target groups and the general public. Employees of *AFEW* are motivated to contribute to a common cause and feel close to the core values of the organisation. Consequently, employees should always represent the organisation in a professional way.

Due to less overall budget the international secretariat has an executive director and a senior financial manager. The tasks of Executive Director are combined with tasks for Programme Development.

Fundraising

HIV/AIDS has less priority on the international and national political agendas. Less funding is available for activities related to HIV. The Global Fund to fight against AIDS, TB and Malaria is withdrawing from middle income countries, of which some of them are in Eastern Europe and Central-Asia. Domestic funding for HIV and Harm Reduction is very, very limited available.

Less external donors are interested in financing activities for Russia and the other countries of the former Soviet Union. Civil Society feels the biggest pain of the withdrawal of international funders.

In 2013 Russia has accepted its law on being registered as ‘foreign agent’ when receiving money from external donors for human rights activities. This law has now an effect on the work of AFEW Russia. AFEW Russia likes to become detached from AFEW Network and send in a request to do so in December 2015. AFEW International discusses with AFEW Russia about solutions.

For 2016, the income part of the budget at this moment is based on Bridging the Gaps multicounty project financed by the Ministry of Foreign affairs of the Netherlands and the by KNCV lead project for Kazakhstan. At the moment of this Financial Statements it is not clear what the budget will be that AFEW will receive to coordinate a greater engagement of the EECA region at AIDS2018.

Accordingly, annual income around €2 million is budgeted for 2016. However, during 2016 AFEW plans to receive additional funding. More details on budget 2016 are presented in the Forecast 2016 paragraph below.

In 2015, AFEW Network continued its relations and signed new contracts with donors like Global Fund, Open Society Foundation, Gilead, UNODC, ViiV, Project Hope and USAID. New proposals to EU, UNDEF, UNIFEM and Dutch Postcode Lottery were rejected.

Fundraising Strategy for 2016 and Beyond

AFEW is joining other Dutch HIV/AIDS and sexual and reproductive health organisations in advocacy efforts to have sexual and reproductive health and rights and HIV/AIDS on the political agenda. Joint letters were sent to Minister of Foreign Affairs and Minister of Trade and Development Cooperation. The Dutch Ministry of Foreign Affairs takes harm reduction and the increasing HIV and TB burden in EECA serious. The harm reduction platform to which Dutch drugs and drugs-policy organisations are participating, is preparing for the UNGASS on drugs 2016.

AFEW is also joining EECA NGO’s and networks (AFEW joined the EU Civil Society Forum on drugs, and AFEW is a member of the Civil Society Forum on HIV/AIDS) in the lobby for more financial support from the Global Fund.

The executive director is chair of AIDS Action Europe, a European network of HIV/AIDS organisations that is advocating for an effective response to the HIV epidemic in Europe and

Central Asia. This position as chair allows the executive director to strengthen the West-East relationship in Europe and to ensure a focus on Eastern Europe and Central-Asia.

We are diversifying our funding sources by engaging with new trends in the HIV epidemic in EECA. We continue with applications for funds allocated specifically for women's and youth projects. Gender-based and youth-specific projects are urgently required as we see a rise in the proportion of cases affecting females and adolescents.

AIDS2018, the International AIDS Conference to be held in Amsterdam will have a focus on Europe and in specific Eastern Europe and Central-Asia. AFEW is asked to coordinate the engagement of the region into the conference. This will give AFEW an opportunity to raise awareness on the concerns of the region and to highlight the successes and challenges. It also gives AFEW the opportunity to demonstrate its work and achievements.

Risk Categories

Strategy

AFEW is working along its strategy plan 2014 – 2016: 'Focus on Key Populations and Public Health Concerns'. AFEW will develop a new strategic plan (2016 – 2019) in 2016.

Mission of AFEW

AIDS Foundation East-West is an international network of civil society organisations that is dedicated to improving the health of key populations¹.

With a focus on Eastern Europe and Central Asia, AIDS Foundation East-West strives to promote health and increase access to prevention, treatment and care for public health concerns such as HIV, TB, viral hepatitis, and sexual and reproductive health and rights.

We seek to do this by:

- Advocating for human rights for key populations and protecting their rights to health.
- Decreasing the stigma of HIV/AIDS by providing information to community leaders and creating a supportive environment.
- Utilising innovative strategies to promote healthy behaviours.
- Engaging communities in developing participatory approaches.

¹ Key populations are disproportionately affected by public health concerns as HIV, tuberculosis and viral hepatitis when compared with the general population and they are key to the response. AIDS Foundation East-West works for and with people who are using drugs, prisoners, sex workers, men who have sex with men, youth and women.

Vision

The vision of AFEW is a world where all people, regardless of their role in society, habits or their HIV status, have access to healthcare and other services that give them the opportunity to achieve their full potential.

AFEW as one of the few international NGOs working in Eastern Europe and Central Asia has built up extensive expertise and knowledge about the region, its health care structure and its needs. *AFEW* has better reflected its work for different groups of key populations and in different areas (not just HIV and/or harm reduction) in its mission and strategic objectives.

Operational risks

In 2013 *AFEW* restructured its organisation and has become a network with 6 members, locally registered NGOs, and an international secretariat in the Netherlands.

The new organisational structure will retain *AFEW*'s highest standards of transparency and accountability by carrying out regular internal and external audits and each network member having a local board of trustees. Lastly, *AFEW* Network will continue providing good governance to secure success in project implementation.

The executive director is combining her tasks as general manager with the tasks of programme development. The finance department is headed by a senior finance manager, for 0.6 %. *AFEW* kept its reduced capacity for communication activities (0,5 fte), and has still no resources for development of staff. On the long run this will hamper *AFEW*'s visibility and capacity.

AFEW network has M&E capacity with the members to secure evaluation of the local projects. Bridging the gaps: health and rights for Key Populations in Ukraine, Georgia, Tajikistan and Kyrgyzstan project budget gives room for overall M&E for the activities in the 4 countries.

By integrating budgets for communication into projects *AFEW* tries to overcome lack of communication capacity. By including visits to conferences into projects budgets *AFEW* gives staff in this way an opportunity to gain knowledge.

AFEW shares staff with Mainline, a Dutch Harm Reduction organisation; a joint programme officer is contracted for the implementation of Bridging the Gaps: health and rights of key populations. This construction and agreement with Mainline continues for the first 2 months in 2016 to allow for finishing the Bridging the Gaps 1 project. Per 1 March 2016 *AFEW* will appoint a 1 fte project manager to manage Bridging the Gaps 2.

Financial Reporting and Financial risks

AFEW is staying in close contact with donors regarding financial items, including reporting and budget changes. Financial risks which took place in 2015 and may have place in future work are described below.

- 1) Rejection by the donor to accept some expenses as justifiable. *AFEW* staff is always striving to follow to the donor procedures and avoid situation when inapplicable expenses take place. In case some expenses are not accepted by donor, *AFEW* can cover costs from its contingency reserve.

- 2) Many donors have a rule to put on hold final tranche until verification of the final report. As a rule, final tranche amount is not bigger than 7% of the grant. However, approval of the final report can take some time. As a result, AFEW have to prepay some expenses from its own money. AFEW communicates this issue to donors and tries to receive payments from donors on-time.
- 3) Exchange rates differences between AFEW internal financial system and some donors fixed exchange rates may lead to some AFEW gain/losses, which is difficult to predict. Amount of the gain or loss is not material.

Legislation

In each country of its operation, AFEW members work according to the local legislation. Legislations in the countries where AFEW works might change; new laws regarding the status of (inter)national NGO's or the content of work (AFEW has projects for controversial themes like harm reduction and prison health) might occur. AFEW Network members are aware of changes in law and know how to respond.

Regulations

AFEW Network has a set of internal policies and procedures which are followed by all members. Internal audits, executed once a year in one office, check the understanding and interpretation of AFEW's regulations, and reveal hick-ups. AFEW is reviewing its internal regulations constantly and is revising them when needed.

With limited staff capacity, only financial, human resource administration and legal issues were evaluated during last years' internal audits.

Financial Results for 2015

AFEW closed the financial year 2015 with a positive result. Based on the Board's decision, positive result of 2015 has been added to AFEW reserves. More detailed analysis of income and expenditures is provided below.

Exchange Rates

Since 2009, AFEW has used the Euro as its internal management currency within the internal financial system (Exact online). Thus, the 2015 financial statements are shown in Euros.

AFEW has reported to donors using an average exchange rate for the year, except in cases where donors have requested a special exchange rate.

Income

The total income available for core objectives in AFEW's 15th's operational year was €2,580,985, which represents 49% increase compared to 2014 (€1,731,946). Description of income of AFEW network is presented in the Annual Report 2015.

Expenditure

Expenditures in 2015 were lower than income, totalling €2,548,048. It was 41% higher than the expenditure in 2014 (€1,802,826).

Fundraising

In 2015, AFEW maintained relationships with major international governmental and non-governmental donors and signed new contracts in the total amount of €133,085. All new contracts were granted for a short period of time (one year or less) what makes difficult to implement programs and ensure continuation in future. The total amount of contract subsidies signed to date is around €74,1 million.

During 2015 AFEW International was leading the " Bridging the Gaps" project (5th year), the by KNCV lead project to 'Create Synergy between public and non-public service providers' and two new small projects.

Information about subsidies received and contract reversals in 2015 are presented in the following table, together with information about all open contracts.

AFEW signs grants with donors in different currencies, mostly in Euro or US dollars. During 2015 all grants were signed and money received in EUR and USD In the table below the grant amounts are presented in the currencies of the contract, to reflect the actual contract information.

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Open contracts subsidies signed (Contract currency)

Open contracts subsidies signed, contract currency

	Donor	Signed in operational year	Contract currency	Reference #	Amount	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	TOTAL SPENT	balance in contract currency
Subsidies from Business:												
TAD-HEP	"Gilead Sciences Europe Ltd"	2014	EUR	1538	40.905				2.045	38.860	40.905	project is closed
ViiV-KAZ	"ViiV Healthcare UK Ltd."	2015	USD	08.04.2015	44.162					41.203	41.203	2.959
Subsidies from Governments:												
KPF-MOFA	The Netherlands Ministry of Foreign Affairs (Key Population Fund)	2011	EUR	23176 from 15 August 2011	6.112.271	3.024	867.300	1.242.150	1.662.006	2.337.791	6.112.271	project is closed
UKR-RES2014	The Netherlands Ministry of Foreign Affairs (Operational UNODC	2014	EUR	02.07.2014	41.200				17.990	23.210	41.200	project is closed
UNODC	UNODC	2015	USD	01.01.2015	34.543					23.935	23.935	10.608,00
Joined Activities												
KNCV DGIS	KNCV	2015	EUR	01.10.2014	64.474					35.713	35.713	28.761

Fundraising Expenditure

In 2015, *AFEW* updated its definition of income and costs related to its own fundraising in line with the RJ650 guidelines for annual reporting by fundraising institutions and changes in *AFEW* policy in 2013. More details about our reclassification of costs related to our own fundraising is given under 'Costs of Raising Income'.

Over the last three operational years, 5% of *AFEW*'s income that was generated by its own fundraising was spent on further fundraising activities.

Management and Administration Costs

AFEW's indirect (or overhead) costs cover the costs involved in raising income and management and administration (M&A). *AFEW*'s own guidelines stipulate that total indirect costs should not exceed 15% of the organisation's total expenditures. Total indirect costs in 2015 amounted to €164,133, which represented 6% of the organisation's total expenditure for the year.

AFEW has no core funding to cover its indirect costs. Therefore, *AFEW* depends on its donors allowing a proportion of their project grants to be devoted to these indirect expenses, which maintain the organisation's infrastructure. In 2015, year-end result is positive since management and administration costs were covered by donors in full. For more information, see 'Management and Administration Costs'.

Starting from 2015 balanced budget was planned. With implemented new structure in 2013 when branches of *AFEW* became independent local NGOs and restructuring is finalized in the *AFEW* international secretariat office, no deficit is expected in 2016.

Although *AFEW* sets an internal standard that M&A costs can be as much as 10% of total expenditure, it strives to keep these costs well below this standard

AFEW has brought its approach to and definitions of M&A costs into line with RJ650 guidelines. As a result, a separate heading for M&A was added to the profit and loss statement. RJ650 guidelines allow fundraising institutions the freedom to determine which costs will be allocated to M&A, as long as a consistent method is used. Each fundraising institution is obliged to create its own guidelines for determining these expenses. For this purpose, *AFEW* uses the VFI Recommended Application of Guideline RJ650 for Cost Management and Administration.

Detailed explanations and breakdowns of administration costs are provided under 'Management and Administration Costs'.

Budget Deviation Analysis

Income

The total income available for *AFEW* activities in 2015 was €2,580,985, which is 23% higher than the latest budgeted of €2,101,151. Realized income is higher than expected due to several contracts modification and finalizing activities of the project 'Bridging the Gaps: Health and Rights of Key Populations' being rescheduled for 2014-2015.

Expenditure

Accordingly, higher amount of expenditures took place during 2015. A total amount of €2,548,048 was spent in the 2015 operational year, which is 21% more than the budgeted amount of €2,101,151. Expenditure refers to money spent on core programme objectives, the costs of raising income and management and administration costs.

Reserves and Funds

Freely Disposable Capital

Freely disposable capital is what is referred to as a continuity reserve. In this area, *AFEW* complies with the guidelines for equity policy and equity reporting of the Dutch Association of Fundraising Organisations (VFI), which were adopted by the Central Bureau of Fundraising (CBF) in 2008.

Annex 13 ('Reserves and Investment Policy') to the ANBI document explains how organisations should deal with their financial reserves. The holding or building of reserves is allowed in certain cases:

- As an assigned fund or reserve and where a third-party donation is made for a specified goal in the future;
- As a continuity reserve for managing short-term risks. In this case, it should not exceed 1.5 times the yearly cost of the organisation;
- In order to finance assets for projects implemented by the organisation, or to implement a specific objective;
- As a reserve that will provide a source of income. Such a reserve is allowed when the income is necessary for the realisation of longer-term goals, under the condition that the destination is pre-determined and the principal is known.

The main priority in building and managing reserves and funds should be to maintain the value of the organisation's mission and goals, as well as the transparent management of funds. The organisation is responsible for ensuring clarity and transparency in complying with these regulations.

The purpose of the continuity reserve is to ensure that the organisation can continue operating should it experience a sudden drop in its funding, to ensure the sustainability of long-term programmes, to provide pre-financing for some activities, and to conduct exploratory missions in new countries. The *AFEW* Board set a long-term target of achieving a continuity reserve that is sufficient to cover a six-month period of operational costs.

It is becoming increasingly difficult to find funding that will allow *AFEW* to continue to operate with the capacity of previous years. With further funding challenges expected in future, in 2010 the *AFEW* Board decided to set aside Restructuring Reserve from the continuity reserve, to cover the costs of possible organisational restructuring. At the end of 2015, the Restructuring reserve totalled €80,327 to cover further possible costs of downsizing of the international secretariat (Dutch *AFEW*).

At the end of 2015, the CAR restructuring reserve was used totally.

As a result of movements among reserves, at the end of 2015 the continuity reserve of *AFEW* was increased to €41,713. Normally it is *AFEW's* policy to increase the continuity reserve to the desired level by means of positive balances on the income and expenditure statement.

Investment Policy

To avoid financial risks that may harm the financial stability of the organisation, Stichting *AIDS Foundation East-West* does not invest freely disposable capital. According to *AFEW* policy, liquidity cannot be invested in equities or bonds. Major donors' contracts require us to keep granted subsidies in cash.

Forecasts for 2016

For 2016, the income part of the budget at the moment of preparing the financial statements is expected to be €2 mln. Income 2016 is mainly based on the project Bridging the Gaps: Health and Rights of Key Populations, funded by the Netherlands Ministry of Foreign Affairs, that will start with a phase 2 of another 5 years.

Budget for the financial year 20126

(x1€)

	Actual 2015	Budget 2015	Budget 2016
	EUR	EUR	EUR
INCOME			
Income from own fundraising	144.054		
Income from joint activities	35.713	41.000	
Income from third parties activities			196.000
Subsidies from governments	2.370.336	2.060.151	1.842.000
Other income	30.882		
TOTAL INCOME	2.580.984	2.101.151	2.038.000

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Spent on objectives:			
Capacity Strengthening	1.153.437	973.076	900.065
Mass Media Campaigns		0	
Advocacy	1.160.912	953.605	900.065
Other (research, provision of product sets, milk formula, condoms and other materials)	23.438	19.470	
Costs of raising income:			
Cost of own fundraising	9.159	15.405	18.459
Cost of Joint activities		0	
Cost of third party activities		0	
Costs of obtaining governmental grants	36.969	34.308	48.603
Management and administration:			
Costs Management and administration	164.133	105.287	134.808
TOTAL EXPENDITURES	2.548.048	2.101.151	2.002.000

Balance of income and expenditure	32.936	-	36.000
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AFEW objectives, described in the Strategic plan, are translated into 3 programme objectives. In 2010, AFEW decided on a new classification for its core programme objectives for a better reflection of what the organisation does. Following reclassification, there are now four main programme objectives:

- Capacity Strengthening (by far, AFEW's largest area of activity, which includes training, sub-grants, technical support and client management),
- Advocacy
- Other (research, provision of product sets, condoms, milk formula and other materials).

During 2015, AFEW spent 93% of its total expenditure on direct programme objectives, what is 9% higher than in 2014 (84%).

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Balance Sheet

(As of 31st December 2015, after appropriation of the year-end surplus)

(x 1€)		2015	2014
		EUR	EUR
Tangible fixed assets	1	0	0
			0
Inventory			
For immediate and full use in the context of the objective			0
Accounts receivable and deferred assets			
Donors	2	76.817	1.833.168
Other	3	41365	262.288
			118.183
			2.095.456
Cash and cash equivalents	4		147.924
			475.820
TOTAL ASSETS			266.107
			2.571.276
Reserves and Funds:			
Reserves	5		
Continuity reserve		41713	8.777
Restructuring reserve		80327	80.327
Restructuring reserve Central Asia		0	3.624
			122.040
			92.728
Funds			
Special purpose funds	6		20.282
			28.494
Long-term debts			
Subsidy commitments	7		
Short-term debts			
Subsidy commitments	7	71015	2.443.191
Other liabilities	8	52770	6.862
			123.785
			2.450.053
TOTAL LIABILITIES			266.107
			2.571.276

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Statement of Income and Expenditure for 2015

(x 1€)

		Actual 2015		Budget 2015		Actual 2014	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME							
Income from own fundraising:	10 A						
- Grants from international Foundations / NGOs		21.908				12.214	
- Grants from Businesses		118.451				8.271	
- Other: Donations / Collections		3.695		41.000		26.514	
			144.054		41.000		46.999
Income from joint activities	B		35.713				
Income from third parties activities	C		0				
Subsidies from governments	D						
Other income/ loss	E		2.370.336		2.060.151		1.680.924
			30.882				4.023
TOTAL INCOME			2.580.985		2.101.151		1.731.946
EXPENDITURES							
Spent on objectives:	11 A						
Capacity Strengthening		1.153.437		973.076		757.562	
Mass Media Campaign		0				0	
Advocacy		1.160.912		953.605		742.411	
Other (research, provision of product sets, milk formula, condoms and other materials)		23.438		19.470		15.151	
			2.337.787		1.946.151		1.515.124
Costs of raising income:	B						
Cost of own fundraising		9.159		15.405		16.653	
Cost of Joint activities		0					
Cost of third party activities							
Costs of obtaining governmental grants		36.969		34.308		38.121	
			46.128		49.713		54.774
Management and administration:	C						
Costs Management and administration		164.133		105.287		232.928	
			164.133		105.287		232.928
TOTAL EXPENDITURES			2.548.048		2.101.151		1.802.826
Balance of income and expenditure			32.936				(70.880)
Allocation of Year-end result:							
Continuity reserve			32.936				(3.480)
Continuation reserve Russia 2012							
Restructuring reserve, additions			-				
Restructuring reserve, expenditures							(69.773)
Restructuring reserve Central Asia							(9.695)
Special purpose funds, additions							12.068
Special purpose funds, expenditures							
Total allocation of Year-end result			32.936				(70.880)

Cash Flow Statement

(x 1€)

	2015 EUR	2014 EUR
Year-end Result	32.936	(70.880)
Depreciation on tangible fixed assets		
Changes in Inventory	-	-
Changes in working capital	(11.838)	
- Donor receivables	1.756.351	1.373.102
- Other current assets	220.923	(54.986)
- Subsidy commitments	(2.372.176)	(1.598.857)
- Other current liabilities	45.908	(12.849)
Net operating cash flow	(327.896)	(364.470)
Net cash flow from investment activities	-	-
Cash provided by financing activities	-	-
Effect of exchange rate changes		
Change to cash and cash equivalents	(327.896)	(364.470)
Opening Cash balance	475.820	840.290
Closing Cash balance	147.924	475.820

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Notes to the 2015 Financial Statements

General

The 2015 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2008).

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

About the Organisation

The 2015 Financial Statements provide a financial overview of *Stichting AIDS Foundation East-West (AFEW)*. The organisation was founded on 4th January 2001 in the Netherlands, registration city Amsterdam, and during 2014 conducted operations in the Russian Federation, Ukraine, Kazakhstan, Kyrgyzstan and Tajikistan via registered representative offices. *AFEW* does not have country offices in Georgia, but in 2014 implemented a project in this country in collaboration with local partners. These projects are managed from *AFEW*'s Ukrainian office (Georgia).

In Ukraine, *AFEW* is registered as an International Charitable Foundation in accordance with Ukrainian legislation, and implements its activities in the country through a separate legal entity. The founder organisation is *Stichting AIDS Foundation East-West* (the Netherlands). During 2013 according to the restructuring plan, the management body of the Ukraine Charitable Foundation was changed from the Board members and Management Team of the *Stichting AIDS Foundation East-West* (the Netherlands), aiming to become legally independent organization and step out of the *Stichting AIDS Foundation East-West* control. From 2014 the foundation is considered to be fully independent body; accounting has changed accordingly.

At the end of December 2008, a separate Russian not-for-profit entity, the AIDS Foundation East-West Fund, was registered in Russia in order to allow us to obtain funding from Russian and international donors. The founder organisation is *Stichting AIDS Foundation East-West* (the Netherlands). During 2013 following to the restructuring plan, the statutory documents of the Russian entity have been changed, so the foundation became independent body. From 2014 the foundation is a fully independent body; accounting has changed accordingly.

Reporting Directive for Fundraising Institutions

AFEW maintains its accounting records in accordance with the legislative requirements of the countries in which it has operations.

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. The following financial statements have been prepared from the accounting records of *AFEW* and in accordance with the organisation's accounting policies.

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on the historical cost. Unless otherwise stated, monetary assets and liabilities are shown at nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle).

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denoted in foreign currencies are converted using the prevailing exchange rate on the date of the transaction. Monetary assets and liabilities denoted in foreign currencies are translated into the functional currency based on the prevailing exchange rate at the time of compiling the balance sheet date.

Non-monetary assets and liabilities denoted in foreign currencies and recorded at historical cost are translated into Euros against the exchange rates prevailing on the date of the transaction. The gains and losses that occurred as a result of currency exchanges are shown in the income statement.

AFEW reports to donors using an average exchange rate for the year, except in cases where donors have requested reports using special exchange rates.

Principles for the Valuation of Assets and Liabilities

Tangible Fixed Assets

Tangible fixed assets are valued at actual cost (acquisition cost or cost of manufacture). Depreciation is calculated according to the straight-line method, on the basis of useful life.

The rates of depreciation are:

- Motor vehicles: 25%
- Computer equipment, office equipment, furniture, fixtures and fittings: 33%

Fixed assets that are deployed immediately for core objectives are fully depreciated, as long as the assets have an expected life that is less than or equal to project duration.

Fixed assets with a life exceeding project duration are depreciated according to the principles for tangible fixed assets.

Inventory

Items on the inventory are valued at purchase price. If applicable, a provision for unmarketable stocks will be deducted from the value of the stocks.

The inventory lists the materials that *AFEW* owns temporarily (prevention tools for target groups, office supplies, synergies, published materials and brochures).

Accounts Receivable

Accounts receivable are stated at nominal value less a bad debt provision.

Cash in Banks and Cash In Hand

Cash kept in banks and cash in hand are stated at nominal value.

Reserves

In accordance with a decision by the *AFEW* Board, a continuity reserve has been created. The continuity reserve is intended to ensure continuity of operations should the organisation experience a temporary drop in income.

Special Purpose Reserve

The special purpose reserve is an operational asset made up of capital invested in tangible fixed assets which are employed for general operations.

Funds

Special purpose funds are resources provided for fixed purposes as specified by a third party.

Long-Term Debts and Current Liabilities

The long-term debts and current liabilities are stated at nominal value.

Direct Donations

Direct donations are recognised on a cash basis.

Compliance with WNT - Wet normering bezoldiging topfunctionarissen (semi)publieke sector (WNT)

For the implementation of the law remuneration of executives in the (semi) public sector ('Wet normering bezoldiging topfunctionarissen in de (semi) publieke sector; WNT'), AFEW has complied with the application policy WNT.

Financial Instruments

Financial instruments include receivables, cash, long-term debt and short-term debt. Financial instruments are recognized initially at fair value plus directly attributable transaction costs. After initial recognition, financial instruments are measured at amortized cost. If there are no premiums or discounts and directly attributable transaction costs are amortized cost equal to the nominal value. On receivables, a provision deemed necessary made for doubtful debts.

Subsidies

AFEW receives special purpose (contracted) subsidies for both institutional and project activities. The amounts received from institutional donors are granted for the purpose of organisational development. The amounts received from project donors are granted for specific projects and must be spent within the scope of these projects.

The full receivable amount over the full lifetime of the contract and the resultant commitment is recorded in the AFEW accounts on the contract date. These subsidies are recognised in the statement of income and expenditure in proportion to the progress of the project, based on actual expenditures.

Costs

Costs listed in this report include expenditure related to fulfilling the organisation's core objectives, raising income and management and administration. In 2010, AFEW decided on new classifications for its core programme objectives, so that they reflect better what the organisation does.

Following reclassification, there are now three main objectives:

- Capacity Strengthening (by far, AFEW's largest area of activity, which includes training, sub-grants, technical support and client management),
- Advocacy
- Other (research, provision of product sets, infant milk formula, condoms and other materials).

Costs are allocated on the basis of the following criteria:

- **Directly attributable costs** are those directly allocated to programme activities;
- **Indirectly attributable costs** are costs associated with raising income and management and administration. Further specification of direct and indirect costs is presented below, under **Notes to the Income Statement**, 'Costs of Raising Income' and 'Management and Administration Costs'.

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Notes to the Financial Statements

Notes to the Balance Sheet

1. Tangible Fixed Assets

All of the AFEW assets were fully depreciated in 2013.

2. Main Accounts Receivable

(x 1€)

	2015	2014
	EUR	EUR
Balance as at 01 January	1.833.170	3.206.270
Granted during the Year	133.085	102.400
Contract reversals during the Year	-	1.870
Received during the Year (incl. refunds to donors)	(1.890.749)	(1.477.370)
Exchange rate difference and revaluation	1.311	-
Balance as at 31 December	76.817	1.833.170

As of 31st December 2015, short-term donor receivables totalled €76,817.

By the end of 2015, donor receivables were 96% less compared to donor receivables at the end of 2014. This is a reflection of the end of 5 years big project and that the most of the new contracts are short-termed. Given that multiple-year contracts with donors are signed at irregular intervals, donor receivables may vary significantly from year to year.

It was small differences in exchange rates during 2015 in donor receivables, because it was two grants in 2014 which were received in USD.

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3. Other Accounts Receivable

(x 1€)

	2015	2014
	EUR	EUR
Advances to suppliers	-	
Settlements with Employees	-	
Other receivables	398	11.763
Advances paid to AFEW independent local foundations	40.967	250.526
	<hr/>	<hr/>
	41.365	262.288

Other receivables consist of advances paid to suppliers and some other receivables. With implementation of restructuring 2013, closure of AFEW branches and moving of project activities to AFEW local foundations, AFEW international secretariat changed accounting accordingly. AFEW local foundations are successors of AFEW branches and assumed activities of AFEW projects. AFEW international secretariat prepays advances to AFEW local foundations. AFEW local foundations report on expenses to AFEW international secretariat on a quarterly basis.

4. Liquid Assets

(x 1€)

	2015	2014
	EUR	EUR
Current accounts	44.134	25.437
Deposit account	103.785	450.129
Petty cash	5	255
	<hr/>	<hr/>
Total	147.924	475.820

By the end of the year, most liquid assets were kept in Euros (€113,564 or 76,8% of the total liquid assets). 23,2% or equivalent of €34,360 was kept in US dollars.

Liquid assets are not restricted for use by any obligations and are freely accessible.

1. Reserves

AFEW builds its own reserve in accordance with ANBI guidelines. The Board set a long-term target of a continuity reserve that would cover a six-month period of operational costs. Operational costs include: salaries of administrative (non-project) staff and costs related to office rental and maintenance of international and regional offices.

The purpose of the continuity reserve is to ensure that the organisation can continue operating should it experience a sudden drop in its funding, to ensure the sustainability of long-term programmes, to provide pre-financing for some activities, and to conduct exploratory missions in new countries. Any changes in the continuity reserve are stated in the annual report and financial statements.

It is becoming increasingly difficult to find funding that will allow *AFEW* to continue to operate with the capacity of previous years. With further funding challenges expected in future, in 2010 the *AFEW* Board decided to set aside Restructuring Reserve from the continuity reserve, to cover the costs of possible organisational restructuring. In 2014 from the Restructuring reserve was used €69,773. Due to positive end year result €32,936 was added to continuity reserve.

With the support from *AFEW* international secretariat, independent NGO *AFEW* Kazakhstan is actively seeking for a new funding. The organization received USAID funding from summer 2014, till this time is why it is important to keep minimum office staff in *AFEW* Kazakhstan until July-August 2014. With this, the *AFEW* Board decided to extend period of using CAR restructuring reserve during of 2014-2015. In 2014 from CAR restructuring reserve was spent €9,695 and in 2015 last €3,624 was spent and at 31.12.2015 restructuring reserve for CAR used completely.

As a result of movements among reserves, at the end of 2015 the continuity reserve of *AFEW* was increased to €41,713.

Appropriation of result

AFEW closed the financial year 2015 with a positive result of €32,935. Based on the Board's decision, positive result of 2015 has increase *AFEW* continuity reserve .

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Reserves

(x 1€)

	Continuity reserve	Restructuring reserve	Restructuring reserve Central Asia	Total
As at 31 December 2014	8.777	80.327	3.624	92.728
Used during 2015			(3.624)	(3.624)
Result appropriation 2015	32.936		32.936	
As at 31 December 2015	41.713	80.327	0	122.040

2. Funds

(x 1€)

Special purpose Funds

	Special purpose Fund AIDS-Fondet, Denmark EUR
Balance on 1 January 2015	28.494
Mutations:	
Additions, funding received during 2015	
Expenditures made during 2015	(8.212)
Balance on 31 December 2015	20.282

The special purpose fund is based on a grant made in earlier years and during 2015 by AIDS-Fondet Denmark. These funds are allocated to supporting the Drop-in Centre for Street Children in Kyiv, Ukraine. €8,212 from funding received before 2015 was spent for activities 2015.

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3. Main Liabilities

Subsidy Commitments

(x 1€)

	2015	2014
	EUR	EUR
Balance as at 01 January	2.443.191	4.042.049
Granted subsidies during the Year	133.085	90.332
Reversed during the Year	4.837	
Spent during the Year	(2.546.090)	(1.689.190)
Exchange rate difference and revaluation	3.048	(0,26)
Grantee	32.944	
Balance as at 31 December	71.015	2.443.191

As of 31st December 2015 there was a balance of €71,015 in subsidy commitments, among which short-term commitments amounted to €71,015 and long-term commitments amounted to €0.

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4. Other Liabilities

(x 1€)

	2015	2014
	EUR	EUR
Accounts payable, incl. salaries and accrued payroll taxes	40.428	820
Audit costs	12.342	6.042
	<hr/>	
	52.770	6.862

Other liabilities include salaries, payroll taxes, accrued audit costs and other accounts payable.

Off-balance-sheet Obligations

Multiple Year Financial Obligations

Long-term, unconditional obligations have been entered into for the lease of the Amsterdam international secretariat office. The lease agreement has been signed from 1st of January 2011 and has an expiration date of 31st December 2015. The lease agreement includes office rental, office maintenance costs (utility, cleaning costs, insurance, security, municipal taxes), some office supplies and ICT support.

The final amount depends on the number of people working in the office and number of square meters occupied. Currently, 3 AFEW staff work in the office and occupies 14 sq. meter office space and a lobby (excluding shared areas). Annual costs foreseen under the lease agreement for 2015 and beyond amount to €22,371 per year.

The current lease agreement is prolonged by AFEW till 15th of April 2016. AFEW signed a new lease agreement for coming 5 years from April 2016. Conditions of new lease agreement are equal to previous: includes office rental, office maintenance costs (utility, cleaning costs, insurance, security, municipal taxes), some office supplies. For ICT support AFEW has now a separate service contract. Expected annual costs under the lease agreement in 2016 are €40,635 including costs for relocation and renovation.

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Notes to the Income Statement

10.Income

A. Income from AFEW's own Fundraising Activities

(x 1€)

	Actual 2015		Budget 2015		Actual 2014	
	EUR	EUR	EUR	EUR	EUR	EUR
INCOME						
Income from own fundraising:						
- Grants from international Foundations / NGOs	21.908				12.214	
- Grants from Businesses	118.451				8.271	
- Other: Donations / Collections	3.695		41.000		26.514	
		144.054		41.000		46.999

AFEW makes grant applications directly to international foundations, NGOs and businesses. These are classified as income from own fundraising. In 2015, this fundraising generated:

€21,908 (equivalent 23,935 USD) from "UNODC". These funds are allocated to the objective of strengthening the capacity of civil society to address HIV prevention, treatment, care and support among people who inject drugs. Project took place in Tajikistan, Kazakhstan and Kyrgyzstan.

The income received from international foundations and NGOs significantly increased compared to 2014 (almost 79% more).

Volume of funds from businesses also increased compared to 2014, but stays low in AFEW's portfolio. It is not easy to get businesses interested in the target groups that AFEW reach with its activities (people using drugs, prison inmates, sex workers). During 2015 AFEW recognized income from next three business companies:

€12,253 from "Johnson&Johnson". These funds are allocated to supporting the Drop-in Centre for Street Children in Kyiv, Ukraine

€38,860 from "Gilead Sciences Europe Ltd" project for HEP C testing in Tajikistan.

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€7,338 from ViiV Healthcare U.K. for pilot funding for development of an effective model of preventive education and promotion of healthy life style among young inmates in the Republic of Kazakhstan

Opportunities for corporate fundraising are under Executive director and regional directors' agenda. Substantial efforts were put in place last years to increase involvement of business in funding HIV/AIDS prevention, treatment, care and support programs.

AFEW does not attempt to raise funds from the general public, partly because of the reasons outlined above and partly because of the substantial financial resources needed to establish a brand in a very saturated market.

Other Donations / Collections of €3,695 represent the amounts received for AFEW activities from companies and individuals.

B. Income from Joint Activities

(x 1€)

	Actual 2015		Budget 2015		Actual 2014	
	EUR	EUR	EUR	EUR	EUR	EUR
INCOME						
Income from joint activities		35.713		0		0

In 2015, income from joint activities was generated from €35,713 from KNCV Tuberculosis Foundation for implementation DGIS Agreement in the Republic of Kazakhstan.

C. Income from Third-Party Fundraising

In 2015, there was no income received from third-party fundraising activities.

D. Governmental Subsidies

Government income was mainly drawn from the Netherlands Ministry of Foreign Affairs, which in 2015 contributed €2,370,336.

E. Other income and loss

Exchange rate differences, income or loss from balance sheet accounts revaluation (for accounts kept in currencies other than euro), interest earned at bank accounts and other minor corrections are included into Other income / loss line of the Statement of Income and Expenditures and in 2015 it was income €30,882. These items are usually not budgeted due to difficulty to predict and immateriality of the amounts.

11. Expenditures

Costs relate to fulfilment of programme organisational objectives (direct costs), cost of raising income and management and administration costs (indirect costs).

A. Expenditures on Programme Objectives

In 2010, AFEW decided on new classifications for its core programme objectives, so that they reflect better what the organisation does.

Following reclassification, there are now three main objectives:

- Capacity Strengthening (by far, AFEW's largest area of activity, which includes training, sub-grants, technical support and client management),
- Advocacy
- Other (research, provision of product sets, milk formula, condoms and other materials).

Expenditure on Programme Objectives

(x 1€)

	Actual 2015		Budget 2015		Actual 2014	
	EUR	EUR	EUR	EUR	EUR	EUR
EXPENDITURES						
Spent on objectives:						
Capacity Strengthening	1.153.437		973.076		757.562	
Mass Media Campaign	0				0	
Advocacy	1.160.912		953.605		742.411	
Other (research, provision of product sets, milk formula, condoms and other materials)	23.438		19.470		15.151	
		2.337.787		1.946.151		1.515.124

Capacity Strengthening

With overall donors' funding decrease for AFEW work, in 2015 total direct costs (spent on objectives) increased compared to 2014 at more than 54%. Direct costs were 20% higher than the budgeted amount due to finalizing 5 years project.

Mass Media Campaigns

During 2015, like during 2014 nothing was spent on mass media campaigns. It is no longer a strategic objective.

Advocacy

With implementation of ‘Bridging the Gaps: Health and Rights of Key Populations’ project funded by the Dutch Ministry of Foreign Affairs which is implemented in 4 countries, substantially more money was spent on advocacy activities.

Other

Activity for supply of HEP testing sets funded by Project TAD-HEP contributed to spending under Other objective. Total actual expenses 2015 for this activity were approximately on the budgeted level.

B. Costs of Raising Income

The costs of raising income in 2015 related to *AFEW*'s own fundraising and the costs of raising governmental grants.

Costs of *AFEW*'s Own Fundraising

(x 1€)

	Actual 2015 EUR	Budget 2015 EUR	Actual 2014 EUR
Costs of raising income:			
Cost of own fundraising	9.159	15.405	16.653

These costs include payment to fundraising consultants (if any), part of the costs of the Executive Director's salary and wage taxes, and part of the expenses of the Communications Department. Due to the nature of the work and time spent on specific fundraising activities, 20% of the Executive Director's salary and wages and 55% of the total costs of Communications Department were charged to fundraising in 2015.

In the last three operational years, on average 5% of *AFEW*'s income raised from its own fundraising was spent on fundraising expenses.

Costs of Raising Governmental Subsidies

(x 1€)

	Actual 2015 EUR	Budget 2015 EUR	Actual 2014 EUR
Costs of raising income:			
Costs of obtaining governmental grants	36.969	34.308	38.121

The cost of raising governmental grants includes 20% of the salary and wage taxes of the Executive Director, 20% of the costs of the International Office Finance Department, Human

Resources, Facilities and Computer Technologies Units, and 10% of the expenses of the Communications.

C. Management and Administration Costs

Administration expenses are those expenses incurred in the management and administration of the organisation. They primarily relate to executive management, finance and human resource management, internal and external communications and the Board's travel expenses.

AFEW has brought its approach to and definitions of M&A costs into line with the new RJ650 guidelines. As a result, a separate heading for M&A was added to the profit and loss statement. The RJ650 guidelines allow fundraising institutions the freedom to determine which costs will be allocated to M&A, as long as a consistent method is used. Each fundraising institution is obliged to create its own guidelines for determining these expenses. For this purpose, *AFEW* uses the VFI Recommended Application of Guideline RJ650 for Cost Management and Administration.

For assessment of the 2015 results, the principle of management and administration costs allocation was slightly revised based on reality new organisational structure. Accordingly, the cost of *AFEW* Board meetings, executive management, 80% of the International Office Finance Department, Human Resources, Facilities and ICT units and 35% of the Communications and Advocacy Department's budget were allocated to M&A.

	Actual 2015	Budget 2015	Actual 2014
	EUR	EUR	EUR
Costs Management and administration	164.133	105.287	232.928

Specification and Division of Costs

(x 1€)

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MODEL C 2015 (EUR):	CB	ME	ADV	OTH	ADMIN										
Destination	Objectives				Income obtaining expenses (Costs of raising income)						Management & administration	Total 2015	Budget 2015	Budget 2014	Total 2014
Expenditures	Capacity Strengthening	Mass Media Campaigns	Advocacy	Other	Own fundraising	Joint activities	Third party activities	Grants from government	Investments						
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Subsidies and contributions (subgrants to third parties)	1.055.730		1.056.888	21.248	-	-	-	-	-	-	-	2.133.866	1.946.151	1.756.177	1.515.124
Outlays	-	-	-	-	-	-	-	-	-	-	-	-			-
Purchase and acquisitions:	66.854	-	71.175	1.481	-	-	-	1.610	-	5.798	146.918				
- Travel and accomodation	8.566		9.090	167				491		1.145	19.459				47.392
- Consultancy Fees	57.202		60.904	1.314				1.119		4.653	125.192				113.186
- Information material development				-											12.128
- M&E service				-											4.025
- Conferences participation	1.086		1.182	-							2.268				1.114
- Training and support materials															378.056
Outsourced activities	-		-	-	-			-			-				-
Public relations and Communication (incl. Media activities)					1.312			238		835	2.385				238
Staff costs:	30.853		32.849	709	7.848			28.262		88.463	166.484	110.475	190.223		188.691
- Salaries and taxes	30.853		32.849	709	7.848			28.262		88.463	166.484				868.371
- Staff training															679
Office rent								4.474		17.897	22.371	28.000	21.600		24.137
Office maintenance and supplies, incl. Depreciation								2.385		51.140	53.525	16.525	11 400		72.141
Total	1.153.437		1.160.912	23.438	9.159			36.969		164.133	2.548.048	2.101.151	1.968.000		1.802.827

* Purchase and acquisition includes travel, accommodation, consultancy, information material development, monitoring and evaluation, conference participation, training and support activities

% of the Total Program costs	49,34%	0,00%	49,66%	1,00%												
% of the Total costs	45,27%	0,00%	45,56%	0,92%	0,36%	0,00%		1,45%		6,44%	100,00%					

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Costs directly attributable to *AFEW*'s four core objectives (programme activities) amounted to €1,133,866 (or 84% of the total expenditure for 2015). Directly attributable costs increased by more than 40% compared to 2014 (from €1,515,124), due to reasons explained earlier.

Management and administration costs represented 6% of the total expenditure 2015, or €61,133. These costs decreased compared to 2014, in terms of amount (from €32,928 in 2014) and also decreased as a percentage of total costs (from 13% in 2014 to 6% in 2015).

Total indirect costs, which include money spent on management and administration and fundraising, totalled €14,182 or 16% of total expenditure in 2015 (for comparison, in 2014 the figure was €28,703 or 16% of the total expenditure).

Breakdown of Staff Costs

(x 1€)

	Actual 2015 EUR	Budget 2015 EUR	Actual 2014 EUR
Salaries	91.559		114.527
Social securities / taxes	69.724		68.458
Pension Plan	0		0
Others	27.700		5.707
Total Staff costs	188.984	194.892	188.691

The total amount spent on staff in 2015 is on the same level like 2014. Staff costs 2015 includes accrual of payment to previous employee of *AFEW* in Uzbekistan – Oksana Pavlovskaya on base of agreement.

Remuneration of the Supervisory Board

Board members do not receive remuneration for their activities in accordance with *AFEW* policy.

Remuneration of Directors

The Board delegates day-to-day supervision and management of the organisation to the Executive Director

Directors' salary are in line with the amount recommended by the VFI in their 'Adviesregeling Beloning Directeuren van Goede Doelen' ('Advice on Remuneration of Directors of Charities'). Directors' salaries are subject to the approval of the Board. Directors' salaries and the annual pay rise are subject to an annual review. In general, in previous years the annual pay rise was set in *AFEW* at 2-5% for staff of the International Office.

In 2015, the same as in 2010-2014, no pay rises were awarded to international office staff due to the limited availability of funds. Only staff who took on additional responsibilities during 2015 and whose job profiles were updated received approval for a salary raise. None of the directors received an end-of-year bonus ('Endejaarsuitkering'). *AFEW* does not provide pension fund payments for its directors and other staff.

AFEW complies with the WNT and that the remuneration of directors is the same as under application of WNT as no pension charge is included.

AFEW has applied the application policy WNT in the preparation of the financial statements. The WNT Adjustment Act, which is part of this framework, has not yet passed the Senate, which may lead to adjustments of the information provided under the application policy WNT.

In the context of implementation of the Adjustment Act WNT, the following data are made public for the following executives:

Name	J.J. van Dam	
Position	Executive Director	
Terms and Conditions		
Type of contract	indefinite	
hours	32	
part-time percentage	82%	
period	1/1-31/12	
Remuneration (EUR)		
Annual income, gross:		
salary	67.284	
holiday pay	5.383	
severance payment		-
bonuses	15.139	
Total		87.806
Other costs:		
Pension contribution		-
Social security costs		-
Secondary employment condition		-
Total remuneration 2015	87.806	
Total remuneration 2014	72.765	

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Signed by AFEW Board members and the Management Team on 9th of May 2016 in Amsterdam.

Board Members:

Jeff Lazarus (Chairman)

Dolf Kamermans (Treasurer)

Leah Utyasheva (Board Member)

Guido van den Berk (Board Member)

Cate Hankins (Board member)

Vladimir Mendelevich (Board member)

Hernan Fuenzalida (Board member)

Management Team:

Anke van Dam (Executive Director)

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