



Stichting *AFEW International*

Report on the Financial Statements for 2018

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 *AFEW International* and in accordance with the organisation's accounting policies.



AFEW International is registered with Algemeen Nut Beogende Instelling (ANBI) in the Netherlands. ANBI status confirms that *AFEW International* is a charitable organization that serves the public interests. *AFEW International* 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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Report of the Board

The members of the *AFEW International* Board are pleased to present the organisation's 2018 financial statement.

Who We Are

Mission

AFEW International and *AFEW Network* are dedicated to improving the health of key populations in society. With a focus on Eastern Europe and Central Asia, *AFEW* strives to promote health and increase access to prevention, treatment and care for major public health concerns such as HIV, TB, viral hepatitis, and sexual and reproductive health.

We seek to do this by:

- Advocating for human rights for key populations and upholding their rights to health;
- Engaging communities in developing participatory approaches;
- Stopping the stigma of HIV, AIDS, hepatitis and TB by providing information to community leaders and creating a supportive environment;
- Developing and supporting health services for key populations;
- Utilising innovative strategies to promote healthy behaviors

AFEW International has different roles in *AFEW Network*. *AFEW International* raises funding, advocates for the causes, and facilitates linking and learning for *AFEW Network*. Furthermore, *AFEW International* contracts members of *AFEW Network* for the implementation of activities. *AFEW International* and *AFEW Network* are the Eastern European and Central-Asian regional implementer of activities. *AFEW Network* consists of *AFEW-Kazakhstan*, *AFEW-Kyrgyzstan*, *AFEW-Tajikistan*, *AFEW-Ukraine* and *AFEW International*. *AFEW Network* works in six countries in Eastern Europe and Central Asia – the only region in the world where HIV, TB and viral hepatitis epidemics are still growing. Equipped with an average of 75 devoted professionals, in 2018 *AFEW Network* ran a total of 32 projects in Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Ukraine.

Our Approaches

All the programmes in the extensive portfolio of *AFEW International* and the other members of *AFEW Network* 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, TB, and viral hepatitis treatment, prevention and care, including services that reduce harm from drug use or other risky behaviors.

AFEW International and the other members of *AFEW Network* position themselves 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 Network*'s unique value as a partner lies in its extensive experience of working in local healthcare infrastructures combined with its international-level expertise, especially on harm reduction and prison health.

Methods

Through constructive engagement with governments and civil society in the countries where it works, *AFEW International* and the members of *AFEW Network* advocate 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 International and the members of AFEW Network assist 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 epidemics, *AFEW International and the members of AFEW Network empower key populations at higher risk* with tailored, 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 International and the members of AFEW Network support 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 International and the members of AFEW Network'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 International and the members of AFEW Network's* effort to reduce the exceptionally high level of HIV transmission among people who inject drugs in EECA is the support for harm reduction and the support 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 unsafe injecting drugs.

Prisoners. *AFEW International and the members of AFEW Network* 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 Organization (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 International and the members of AFEW Network'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 women who use drugs 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 female *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 International and the members of AFEW Network*. Education, training and advocacy within state services are combined with mobilization and support of communities of people living with HIV.

Adolescents at higher risk. *AFEW International and the members of AFEW Network* develops informational materials, outreach programmes and peer training initiatives especially for young people living in high-risk circumstances. Activities for **young girls that are involved in sex work** focus on empowerment and making informed choices about their lives. Activities for **young drugs users and young offenders** focus on information and education on healthy lifestyles, including information on HIV and drugs. Access to health services for young people who use drugs is hampered due to laws and regulations. With the help of the ombudsman in e.g. Ukraine *AFEW Ukraine* addresses this access to services with policy makers and politicians.

Men who have sex with men (MSM). MSM are 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 International and the members of AFEW Network* is collaborating with local Lesbian Gay Bisexual Transgender organizations in training of police officers, capacity building, reaching out and offering information and testing and treatment to MSM.

Governmental and non-governmental organizations (national and international). As part of *AFEW International and the members of AFEW Network's* sustainability strategy, the network strengthen the capacity of local governmental and non-governmental partners. *AFEW International and the members of AFEW Network* provides technical support in order to equip staff with the right knowledge to provide HIV and TB prevention, treatment, care and support that is up-to-date and of good quality. For instance, *AFEW International and the members of AFEW Network* train 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 International and AFEW Kazakhstan* are improving knowledge of Tuberculosis among staff of NGO's in Kazakhstan by developing training and information materials. *AFEW International* joins a consortium of Dutch organizations that enhances integration of HIV and TB and strengthens collaboration between the public and non-public services.

Viral Hepatitis and hepatitis C specifically. *AFEW International and the members of AFEW Network* recognize the high prevalence of hepatitis C in the EECA region. The majority of people infected with hepatitis C are people who inject drugs. *AFEW International and the members of AFEW Network* advocate for the development of national policy plans and for access to the most effective hepatitis C treatment.

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

Our achievements

Projects 2018

AFEW International and the members of AFEW Network strengthen the capacity of professionals in the region through the adoption of effective methods of HIV prevention, treatment, care and support given the specific circumstances in their countries. *The network* sees its role as providing assistance in such a way that appropriate action is taken, with the objective of strengthening local capacity and ensuring that the final responsibility remains with those in the society itself.

AFEW International is implementing the second phase of the multi-year multi-country project Bridging the Gaps: Health and Rights of Key Populations that has its activities in Georgia, Ukraine, Kyrgyzstan and Tajikistan. The project, which lasts from 2016 - 2020, is funded by the Netherlands Ministry of Foreign Affairs. In this third year of phase 2 *AFEW International* presented the results of its regional part of this project during an 'Autumn School' for *AFEW Network* members and local partners in Kyiv. Results of next steps in the regional activities were presented. In 2017, we conducted an assessment on labor migration to get a better picture on the needs of labor migrants in general and people who use drugs that migrate for work in specific. A second assessment was on harm reduction friendly rehabilitation. A mapping showed the current offer and quality of rehabilitation services, *AFEW International* will introduce friendlier and more effective rehabilitation services. The third assessment is about the shrinking space of civil society in the EECA region. The environment for NGOs and CBOs to work and offer their services become more and more hostile and legally limited. *AFEW International* presented strategies to implement the next steps in the regional activities.

AFEW International, as part of a consortium of HIVOS, PharmAccess and KNCV Tuberculosis Foundation (the latter in the lead), continued the project on the integration of HIV and TB in creating working synergies between public and non-public (NGO – and private service delivery) health services. This project is being implemented in Kazakhstan and will last for 5 years. Results so far are that the first NGO (Sanat Alemi) supporting TB patients expanded its activities to other cities, next to Almaty, in Kazakhstan, and that 23 private clinics deliver TB services was established as well.

Since January 2017 *AFEW International* has started the by Global Fund financed project, together with the Alliance for Public Health (Ukraine) in the lead, and licit (Switzerland), to establish a City Platform enhancing interventions for key populations at risk for HIV, TB and hepatitis C at municipal level. The project started in January 2017. In 2018 *AFEW International* provided trainings to facilitate dialogue between city authorities and civil society, and trainings for sustainability of local NGOs.

In 2016 the Dutch Ministry of Foreign Affairs has asked *AFEW International* to coordinate increased engagement of Eastern Europe and Central Asia in the lead up to the 22nd International AIDS Conference 2018 in Amsterdam. *AFEW International's* activities lead to greater visibility of the HIV, TB and viral hepatitis concerns in the EECA region, due to increased number of speakers, abstracts, poster presentations and events from the EECA region. The Community Based Participatory Research, an activity to ensure an increase of high quality abstracts to AIDS2018 led to a high number of submission and acceptance of abstracts. *AFEW International* also started the 'Culture Initiative', a cultural programme to start the dialogue about HIV and AIDS in the EECA region via ART. Several (private) donors supported a scholarship fund and contributed to bring over approximately 60 community representatives to the conference in Amsterdam in 2018.

AFEW International started collaboration with the Andrey Rylkov Foundation, an NGO in Russia to advocate for the rights of people who use drugs. During almost 3 years *AFEW International* strengthens the capacity of outreach workers and offers financial means to do the outreach work in the Moscow region.

AFEW International with AIDSfonds in the lead received a grant from Elton John AIDS Foundation to implement the emergency grant fund in the EECA region. The project was launched on 1 December 2018 and will assess and grant requests for emergencies from the EECA region. Emergencies are stock out of ARV drugs, stock out of equipment for protection etc.

Governance and Finance

Governance

AFEW International fully complies with the code of good practice for charity organisations in the Netherlands, the Code Wijffels. In 2018 *AFEW International* changed its governance structure. *AFEW International* is led by the managing board, the director, and supervised by a supervisory board of 7 board members. The change of statutes of *AFEW International* is confirmed in the board meeting in June 2018. *AFEW International's* supervisory board appoints the director and supervises strategic directions, work plans and budgets. The managing board is the **highest level of decision-making in the organisation**. The director delegates specific responsibilities to other members of *AFEW's* Management Team (MT).

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

Board Members

Jeffrey Lazarus stepped down as chair in June 2018. Prof Michel Kazatchkine is the new chair of the supervisory board since June 2018. Viken Darakijan stepped down as board member in July 2018.

As of 31 December 2018, *AFEW International* Supervisory Board consisted of 6 members. There is one vacancy.

Michel Kazatchkine (Chairman)
Udi Davidovich (Vice Chairman)
Dolf Kamermans (Treasurer)
Vladimir Mendelevich (Board member)
Hernan Fuenzalida-Puelma (Board member)
Maria Yakovleva (Board member)
Marieke van der Werf (Observer)

Read their biographies: <http://www.afew.org/about us>

Board Meetings in 2018

To set up ongoing communication, the chair M. Kazatchkine and the vice-chair U. Davidovich and the director have 6-weekly contact. The supervisory board and *AFEW International's* director and management team have 2 teleconferences and 1 face-to-face meeting, in addition to ad hoc meetings as needed and the creation of committees, as deemed relevant by the supervisory board.

The 6-weekly calls focus on ongoing issues of management of the organisation and to discussing strategic decisions regarding proposals and projects.

In a teleconference in March 2018 the board approved the annual work plan 2018 and its budget. Furthermore discussion on the change of statutes and governance structure continued as well as the profiling of *AFEW Network* at the 22nd International AIDS Conference.

In the face to face meeting in May 2018 the new statutes were confirmed. Registration of new statutes and new governance structure were administered by the notary. The board approved the annual report 2017 and the financial statements 2017. In this meeting board and management team discussed *AFEW Network*'s role in the Global Health strategies. The chair Jeffrey Lazarus stepped down, the board agreed on the new chair Prof. Michel Kazatchkine.

Two board members and the observer of *AFEW International*'s board attended a meeting with board members of *AFEW Network* members during the 22nd International AIDS Conference. This meeting had as goal to discuss involvement of different boards for a cohesive *AFEW Network*.

During the teleconference in October 2018 the board and the management team discussed the identity of *AFEW International* and *AFEW Network* and a new strategy 'Time to Act is NOW'. This strategy addresses work in cities in the Russian Federation.

Steering Committee of *AFEW Network*

The Steering Committee, consisting of all directors of the members of *AFEW Network* with the director of *AFEW International* as chair, had 6 skype meetings and 2 face-to-face meeting in 2018. During the skype calls ongoing issues regarding projects, proposals and conferences were discussed. The Steering Committee developed a plan how to best present *AFEW Network* during the 22nd International AIDS Conference. To strengthen the collaboration and commitment among the members of *AFEW Network* board members of the *AFEW Network* members were invited for a face to face meeting during the International AIDS Conference. It was agreed that board members of all network members should be more involved in the strategies and directions of *AFEW Network*. It was decided to discuss ways of involvement of board members in the coming year. The Steering Committee discussed the three fields of work that were identified to strengthen the collaboration between the members of *AFEW Network* (advocacy, fund raising and linking&learning).

The Autumn school took place in Kiyv, Ukraine in the third week of October 2018. All members of *AFEW network* and other local partners were invited to discuss the results of the three assessments (see above, Bridging the Gaps project). The Steering Committee met during that week and discussed governance, identity of *AFEW Network* and the first steps for a new strategic plan.

Accountability

The supervisory board is satisfied with the financial statements prepared by the Management Team for the year ending 31 December 2018 fairly reflecting the financial position and operations of *AFEW International*. The Annual Report 2018 provides a fair reflection of the programmes, activities and results achieved in 2018. All members of the supervisory 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

AFEW International's strategic objectives:

AFEW International's strengths lie in its focus on key populations at higher risk of 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 International* is open to starting activities in countries beyond the region, 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, stop stigma and discrimination, innovative strategies for promoting healthy behaviors, and engaging communities and government) that can be translated into **three strategic objectives**:

- ☐ Advocate for protection of the right to health;
- ☐ 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 Network 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 International and the other members of AFEW Network* ensure 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 Network is recognized for its expertise on prison health and working with prison authorities. We are continuing and expanding our leadership role in HIV, TB and viral hepatitis prevention and care in prisons where we 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 Network* 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 2018, 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 populations such as people who use drugs, sex workers, men who have sex with men and prisoners are most at risk. *AFEW International and the other members of AFEW Network* will continue its focus on these groups.

AFEW International will continue its advocacy to include **TB** activities in HIV projects. In 2018 *AFEW International* continued participating the consortium of KNCV, HIVOS and PharmAccess to enhance the integration of private service providers into Global Fund funded activities.

In 2018 *AFEW International's* activities in the framework of '**Bridging the Gaps: health and rights of key populations**' continued with the second phase of the project. Part of this project is a regionally focused project, that allows to bring in organizations and people from other countries than the 4 included in the project. In 2018 we identified next steps on the 3 themes for the regional project: Harm Reduction Friendly Rehabilitation Services, Labour Migrants and their access to health services, and the shrinking space for civil society. The second phase is from 2016 till 2020.

AFEW International continued collaboration with the Andrey Rylkov Foundation, a Russian NGO advocating for the rights of people who use drugs. Through a grant *AFEW* offers capacity strengthening to outreach workers and offers financial means to do the outreach work.

Geographical Coverage

AFEW network has members in Kazakhstan, Kyrgyzstan, Tajikistan and Ukraine. *AFEW* international secretariat is based in Amsterdam, the Netherlands. *AFEW* Ukraine is implementing activities in Georgia. In 2018 discussion started to support *AFEW-Russia* and link it to *AFEW Network* again. *AFEW* Russia decided to leave *AFEW Network* in December 2015, but kept the name and logo. The current director and board stepped down in July 2018. *AFEW International* started a collaboration with an NGO from Russia.

Communications with Stakeholders

AFEW International has developed a communication strategy to increase the visibility of the organisation. The AIDS2018 project was a good opportunity to increase attention and

awareness for the EECA region, for the public health concerns and the key populations affected, and last but not least for *AFEW Network*. 'Contributing to a healthy future for Eastern Europe and Central-Asia' was the core message. As a Dutch organisation that has benefited from core funding from the Dutch and EU tax-payers over the years, *AFEW International* has a **responsibility to inform the public in Western Europe about HIV in EECA.**

AFEW International 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 International* communicates with its stakeholders through the general website, Facebook, twitter, LinkedIn, the annual report and newsletters.

Human Resources Management and Efficiency

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

AFEW International and other *AFEW Network members'* staff adhere 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, priority groups and the general public. Employees 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.

There was one change in staff members composition, due to increasing number of projects, *AFEW* hired a new officer manager and created a project officer as separate position. The current overview of staff:

Executive Director 0.92 fte
Director of Finance 0.69 fte
Director of Programmes 0.92 fte
Project manager 0.92 fte
Communication officer 0.8 fte
Project Officer 0.8 fte
Office manager 0.8 fte

Fundraising

As reflected in the sustainable development goals, HIV has a lower priority on international and national political agendas than previously. 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 are in Eastern Europe and Central-Asia. Domestic funding for HIV and harm reduction is very, very limited.

Fewer external donors are interested in financing activities for Russia and the other countries of the former Soviet Union. Civil society is experiencing the biggest impact of the withdrawal of international funders.

For 2018, current budget revenues are based on the Bridging the Gaps multicounty project financed by the Ministry of Foreign affairs of the Netherlands, the project led by KNCV for

Kazakhstan, AIDS2018, City HIV/TB regional project financed by Alliance for Public Health in Ukraine, and the 'beyond resistance' project in Russia.

Due to our activities for AIDS2018 we managed to receive funds from private and corporate funds.

Accordingly, annual income around € 2,9 million is budgeted for 2019. More details on the 2019 budget are presented in the Forecast 2019 paragraph below.

Fundraising Strategy for 2019 and Beyond

AFEW International is joining other Dutch HIV and sexual and reproductive health organisations in advocacy efforts to have sexual and reproductive health and rights and HIV on the political agenda.

AFEW International is joining the EECA NGOs and networks (*AFEW International* joined the EU Civil Society Forum on drugs and the EU-Russia Civil Society Forum, and *AFEW International* is a member of the Civil Society Forum on HIV/AIDS) to lobby for more financial support from the EU and the Global Fund.

We are diversifying our funding sources by addressing 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 women and adolescents.

Risk Categories

Strategy

AFEW International has developed a new strategic plan (2017 – 2019) that started in 2017, 'Focus on Key Populations and Public Health Concerns'. See for mission and vision http://www.afew.org/wp-content/uploads/2015/10/AFEW-strategic-plan_ENG.pdf

AFEW International developed a risk matrix, with a mitigation and contingency plan. This matrix will be finalised in 2019.

The strategies in the strategic plan (2017 – 2019) are based on rights based and evidence-based approaches. Due to political changes, a global tendency of increased conservatism with a revival of traditional societal and family values, *AFEW Network*, like many other NGOs working with key populations at risk for HIV, TB and viral hepatitis, is confronted with barriers to implement its activities, the strategies and activities described in the strategic plan might not be in line with the local policies. *AFEW Network* members carefully assess the local contexts, judge the local situation and, within the network we decide what is possible to do. General rule is: safety of staff is first.

Operational risks

In 2013 *the organisation* restructured and has become a network of 6 members, locally registered NGOs, and an international secretariat in the Netherlands for which 3 responsibilities have been identified: 1. Fund raising, 2. Advocacy and 3. Linking and Learning.

The new organisational structure retains *AFEW Network*'s highest standards of transparency and accountability by carrying out regular internal and external audits. Each network member has a local board of trustees. Lastly, *AFEW Network* continues providing good governance to secure success in project implementation. If one of the Network members is not meeting the standards of good governance and transparency, then the Steering Committee can decide to stop the collaboration with that specific member.

If one of the Network members decides to leave *AFEW Network*, the Steering Committee delegates the task to the chair of *AFEW Network*, which is the director of *AFEW International* to arrange, if any, the financial and legal implications. And to arrange the communication about the leave.

Mitigation of risk: *AFEW Network* members have regular contact, 6-weekly skype calls, 2 face to face meetings, and project visits to the country in order to notice and discuss any concerns in the collaboration within *AFEW Network*.

The director is combining her tasks as general manager with the tasks for lobby and advocacy. The director of Programmes together with the project manager oversees developments and trends in the EECA region. *AFEW International* keeps its capacity for communication activities (0,8 fte) The finance department, HR department and operational processes within *AFEW* is headed by director of Finance, for 0.69 fte.

AFEW Network has M&E capacity with members securing evaluation of local projects. Bridging the gaps II: health and rights for Key Populations in Ukraine, Georgia, Tajikistan and Kyrgyzstan project budget covers overall M&E for the activities in the 4 countries.

By integrating budgets for communication into projects *AFEW International* covers the activities in communication. By including visits to conferences into project budgets *AFEW International* gives staff an opportunity to gain knowledge.

Financial Reporting and Financial risks

AFEW International is staying in close contact with donors regarding financial items, including reporting and budget changes. Financial risks which took place in 2018 and may play a role in future work are described below.

- 1) Rejection by donors of some expenses as not justifiable. *AFEW International* staff are always striving to follow donor procedures and to avoid situations in which inapplicable expenses are claimed. In case some expenses are not accepted by donor, *AFEW International* can cover costs from its contingency reserve.
- 2) Many donors have a rule to put on hold the final tranche of funding until verification of the final report. As a rule, the 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 International* has to prepay some expenses from its own money. *AFEW International* communicates this issue to donors and tries to receive payments from donors in a timely manner.
- 3) Exchange rate differences between *AFEW International*'s internal financial system and some donors fixed exchange rates may lead to some *AFEW International* gain/losses that are difficult to predict. To limit the variance, *AFEW International* agrees, during signing of the grant that is operated in foreign currency, with donor the currency exchange rate on that moment when charitable agreement is signed. In this way we avoid high 'jumps' of exchange rate difference during the project implementation and amount of the gain / loss is not much material.

***AFEW International* leads its activities with EECA countries and has partners in 6 countries with emerging markets. Due to unstable political and economic situations within these countries, it can bring some financial risks for *AFEW International*, such as bank bankruptcy or poor bank liquidity. To minimize such risks, *AFEW International* makes investigation of potential banks, preferably on following criteria: - using government bank; - commercial banks with connection to European Bank Group; - reputation of bank etc. Moreover transfer of funds are limited (smaller amounts) and carried out on request based with copy of overview of activities signed by Director and financial controller.**

Legislation

In each country of its operation, *AFEW Network* members work according to the local legislation. Legislation in the countries where *AFEW Network* members work might change. New laws regarding the status of (inter)national NGOs or the content of work (*AFEW Network* has projects on controversial themes such as harm reduction and prison health) might occur. *AFEW Network* members are aware of changes in the law and know how to respond.

Regulations

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

Financial Results for 2018

AFEW International closed the financial year 2018 with a positive result. Based on the Board's decision, the amount of 27,358 EUR from 2018 has been added to *AFEW* reserves. More detailed analysis of income and expenditures is provided below.

Exchange Rates

Since 2009, *AFEW International* has used the Euro as its internal management currency within the internal financial system (Exact online). *AFEW International* 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 International*'s 17th operational year was €2,655,170, which represents 16% increase compared to 2017 (€2,287,228).

Description of income of *AFEW Network* is presented in the Annual Report 2018.

Expenditure

Expenditures in 2018 were lower than income, totalling €2,627,812. This was 15% lower than the expenditure in 2017 (€2,275,577).

Fundraising

All contracts were granted for a long period of time (more than one year) and short period of time (one year or less). The total amount of contract subsidies signed to date is around €84 million.

During 2018 *AFEW International* was leading the "Bridging the Gaps II" project (the 3rd year of project), the AIDS2018 (conference in July, 2018), participating in the KNCV-led project 'Building models for the future, TB/HIV integrated activities', continued with activities in Russia and with the Cities HIV/TB regional project.

Information about subsidies received and contract reversals in 2018 are presented in the following table, together with information about all open contracts.

AFEW International signs grants with donors in different currencies, mostly in Euro, US dollars or GBP. During 2018 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.

Open contracts subsidies signed (Contract currency)

	Donor	Signed in operational year	Contract currency	Contact duration (till)	Amount in contract currency	Year 2016	Year 2017	Year 2018	Total spent	Balance as per 31.12.2018
BTG II	Subsidies from Governments: The Netherlands Ministry of Foreign Affairs (Key Population Fund)	2016	EUR	2020	6,769,295	1,285,331	1,345,421	1,433,000	4,063,752	2,705,543
AIDS Conference 2018	The Netherlands Ministry of Foreign Affairs	2016	EUR	Oct-18	1,384,500	266,000	460,000	658,500	1,384,500	-
KNCV DGIS	Joined Activities KNCV	2016	EUR	2019	716,781	156,447	222,794	218,000	597,241	119,540
City Platform	Alliance	2016	USD	2019	193,835		74,000	55,000	129,000	40,451
Donor	Anonymous Donor	2016/2018	USD	Dec-19	600,000		167,000	175,000	342,000	258,000
EJAF Emergency Funds	Elton John AIDS Foundation	2018	GBP	Dec-20	1,227,649			100,584	100,584	1,277,257

Fundraising Expenditure

In 2016, *AFEW International* updated its definition of revenue and costs related to its own fundraising in line with the RJ650 guidelines for annual reporting by fundraising institutions and changes in *AFEW International* policy in 2016. More details about our reclassification of costs related to our own fundraising is given under 'Costs of Raising Income'.

Over the last operational year, 3% of *AFEW International*'s income that was generated by its own fundraising was spent on further fundraising activities.

Management and Administration Costs

AFEW International's indirect (or overhead) costs cover the costs involved in raising income and management and administration (M&A). *AFEW International*'s own guidelines stipulate that total indirect costs should not exceed 10% of the organisation's total expenditures. Total indirect costs in 2018 amounted to € 210,225, which represented 8% of the organisation's total expenditure for the year.

AFEW International has no core funding to cover its indirect costs. Therefore, *AFEW International* 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 2018, year-end result is positive since management and administration costs were covered by donors in full. For more information, see 'Management and Administration Costs'.

Although *AFEW International* 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 International 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 International* 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 International* activities in 2018 was €2,655,170, which is 9% higher than the latest budgeted amount of €2,435,000. Realized income is higher than expected due to several contract modifications and rescheduling of the activities of the projects: 'Bridging the Gaps II: Health and Rights of Key Populations' and AIDS2018 and implementation of training due to Cities HIV/TB regional Project.

Expenditure

Accordingly, higher amount of expenditures took place during 2018. A total amount of €2,627,812 was spent in the 2018 operational year, which is 9% higher than the budgeted amount of €2,411,000. 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 International* 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 International* 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 International* to continue to operate with the capacity as it has now. With further funding challenges expected in future, *AFEW International* decided to build a continuity reserve, to cover the costs of possible organisational restructuring.

As a result of movements among reserves, at the end of 2018 the continuity reserve of *AFEW International* was increased to € 169,304. Normally it is *AFEW International'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, *AFEW International* does not invest freely disposable capital. According to *AFEW International* policy, liquidity cannot be invested in equities or bonds. Major donors' contracts require us to keep granted subsidies in cash.

Forecasts for 2019

For 2019, the income part of the budget at the moment of preparing the financial statements is expected to be €2.9 million. Income in 2019 is mainly based on the project Bridging the Gaps II: Health and Rights of Key Populations, funded by the Netherlands Ministry of Foreign Affairs, the TB project and the Cities project, Elton John Emergency Funds funded by Elton John AIDS Foundation and PITCH Programme supported by Aidsfonds.

Budget for the financial year 2019

(x1€)

	Actual 2018 EUR	Budget 2018 EUR	Budget 2019 EUR	Actual 2017 EUR
INCOME				
Income from own fundraising				
Income from joint activities	217,496	199,461	145,000	233,868
Income from third parties activities				
Subsidies from governments	2,411,648	2,211,671	2,725,696	1,988,151
Other income	26,026	23,868	28,304	65,209
TOTAL INCOME	2,655,170	2,435,000	2,899,000	2,287,228
Spent on objectives:				
Capacity Strengthening	1,811,025	1,661,603	1,971,043	1,567,403
Mass Media Campaigns				
Advocacy	452,756	415,401	492,761	391,851
Research/ Assessments	60,422	55,437	65,761	52,153
Costs of raising income:				
Cost of own fundraising	78,834	16,154	85,800	15,246
Cost of Joint activities				
Cost of third party activities				
Costs of obtaining governmental grants	0	56,176	0	53,021
Management and administration:				
Costs Management and administration	210,225	192,880	228,800	182,046
Human Resource Development	14,550	13,349	15,835	13,857
TOTAL EXPENDITURES	2,627,812	2,411,000	2,860,000	2,275,577
Balance of income and expenditure	27,358	24,000	39,000	11,651

AFEW International objectives, described in the Strategic plan, are translated into 3 programme objectives. In 2010, *AFEW International* decided on a new classification for its core programme objectives for a better reflection of what the organisation does.

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

Balance Sheet

(As of 31st December 2018, after appropriation of the year-end surplus)

		2018		2017	
		EUR	EUR	EUR	EUR
Tangible fixed assets	1	5,160		5,039	
			5,160		5,039
Inventory					
For immediate and full use in the context of the objective			0		0
Accounts receivable and deferred assets					
Donors	2	4,637,900		4,508,951	
Other	3	168,861		317,192	
			4,806,761		4,826,143
Cash and cash equivalents	4		209,245		847,164
<hr/>					
TOTAL ASSETS			5,021,166		5,678,346
<hr/>					
Reserves and Funds:					
Reserves	5				
Continuity reserve		169,303		141,945	
Restructuring reserve		0		0	
Restructuring reserve Central Asia		0		0	
			169,303		141,945
Funds					
Special purpose funds	6		6,274		6,227
Long-term debts					
Subsidy commitments	7	1,344,512		1,100,635	
Short-term debts					
Subsidy commitments	7	3,430,286		4,336,246	
Other liabilities	8	70,790		93,293	
			4,845,588		5,530,174
<hr/>					
TOTAL LIABILITIES			5,021,166		5,678,346
<hr/>					

Statement of Income and Expenditure for 2018

(x1€)

		Actual 2018		Budget 2018		Actual 2017	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10						
Income from own fundraising:	A						
- Grants from international Foundations / NGOs		6,463		0		58,616	
- Grants from Businesses		0		0		0	
- Other: Donations / Collections		27,423		23,868		14,468	
			33,886				73,084
Income from joint activities	B		217,496		199,461		233,868
Subsidies from governments	D		2,411,648		2,211,671		1,988,151
Other income/loss	E		(7,860)		0		(7,875)
TOTAL INCOME			2,655,170		2,435,000		2,287,228
EXPENDITURES	11						
Spent on objectives:	A						
Capacity Strengthening		1,811,025		1,661,603		1,567,403	
Advocacy		452,756		415,401		391,851	
Research /Assessments		60,422		55,437		52,153	
			2,324,203		2,132,441		2,011,406
Costs of raising income:	B						
Cost of own fundraising		78,834		16,154		15,246	
Costs of obtaining governmental grants				56,176		53,021	
			78,834		72,330		68,267
Management and administration:	C						
Costs Management and administration		210,225		192,880		182,046	
Human Resource Development		14,550		13,349		13,857	
			224,775		206,229		195,903
TOTAL EXPENDITURES			2,627,812		2,411,000		2,275,577
Balance of income and expenditure			27,358		24,000		11,651
Allocation of Year-end result:							
Continuity reserve			27,358		24,000		11,651
Continuation reserve Russia 2012							
Restructuring reserve, additions			-				-
Restructuring reserve, expenditures							
Restructuring reserve Central Asia							
Special purpose funds, additions							
Special purpose funds, expenditures							
Total allocation of Year-end result			27,358		24,000		11,651

Cash Flow Statement

(x1€)

	2018 EUR	2017 EUR
Year-end Result	27,358	11,651
Depreciation on tangible fixed assets		
Changes in inventory	-	-
Changes in working capital	47	(14,049)
- Donor receivables	(128,949)	1,655,276
- Other current assets	3,036	(17,184)
- Subsidy commitments	(497,519)	(2,061,161)
- Other current liabilities	(25,425)	61,168
Net operating cash flow	(621,452)	(364,299)
Net cash flow from investment activities	-	-
Cash provided by financing activities	-	-
Effect of exchange rate changes	-	-
Change to cash and cash equivalents	(621,452)	(364,299)
Opening Cash balance	847,164	1,211,463
Closing Cash balance	225,712	847,164

Notes to the 2018 Financial Statements

General

The 2018 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 2018 Financial Statements provide a financial overview of Stichting *AFEW International*. The organisation was founded on 4th January 2001 in the Netherlands, registration city Amsterdam, and during 2018 conducted operations in the Russian Federation, Ukraine, Kazakhstan, Kyrgyzstan and Tajikistan via registered representative offices. *AFEW Network* does not have country offices in Georgia, but in 2018 implemented a project in this country in collaboration with local partners. These projects are managed from *AFEW*'s Ukrainian office (Georgia).

Reporting Directive for Fundraising Institutions

AFEW International 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 International* 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 International 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:

- 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 International* owns temporarily (prevention tools for priority populations, 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 *AFEW International's* 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 - Law standardization remuneration top executives (semi) public sector (WNT)

For the implementation of the law on remuneration of executives in the (semi) public sector ('Wet normering bezoldiging topfunctionarissen in de (semi) publieke sector; WNT'), *AFEW International* 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 will equal to the nominal value.

Subsidies

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

Following reclassification, there are now three main objectives:

- Capacity strengthening (by far the largest area of activity, which includes training, sub-grants, technical support and client management),
- Advocacy
- Other (research, provision of sets for safe injection, 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'.

Notes to the Financial Statements

Notes to the Balance Sheet

1. Tangible Fixed Assets

Changes to tangible fixed assets are shown below:

(x 1€)

	Computer equipment EUR	Office equipment EUR	Furniture EUR	Total 2018 EUR
Investments				
Historical Costs as at 1 January 2018	3,225	960	854	5,039
Investments	2,733		383	3,116
Disinvestments				
Historical Costs as at 31 December 2018	5,958	960	1,237	8,155
Depreciation				
Depreciation	(2,247)	(339)	(410)	(2,996)
Disinvestments				
Depreciation as at 31 December 2018	(2,247)	(339)	(410)	(2,996)
Net book value as at 31 December 2018	3,711	621	827	5,160

Assets that have a life exceeding the project duration are depreciated according to the principles for tangible fixed assets.

2. Main Accounts Receivable

(x 1€)

	2018 EUR	2017 EUR
Balance as at 01 January	4,508,951	6,164,227
Granted during the Year	1,902,766	496,949
Contract reversals during the Year	(983)	(21,420)
Received during the Year (incl. refunds to donors)	(1,812,278)	(2,105,699)
Exchange rate difference and revaluation	39,444	(25,107)
Balance as at 31 December	4,637,900	4,508,951

As of 31st December 2018, short-term donor receivables totalled €1,747,809 and long-term donor receivables totalled €2,890,091.

By the end of 2018, donor receivables were 3% higher compared to donor receivables at the end of 2017. This is a reflection of implementation of new project starting at the end of 2018. Given that multiple-year contracts with donors are signed at irregular intervals, donor receivables may vary significantly from year to year.

There were differences in exchange rates during 2018 in donor receivables, because two grants in 2018 were received in USD.

3. Other Accounts Receivable

(x 1€)

	2018 EUR	2017 EUR
Debtors	6,368	5,435
Settlements with Employees	-	-
Other receivables	16,457	1,157
Advances paid to AFEW independent local foundations	146,036	310,600
	<hr/>	<hr/>
	168,861	317,192

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

4. Liquid Assets

(x 1€)

	2018 EUR	2017 EUR
Current accounts	189,008	216,849
Deposit account	20,005	630,005
Petty cash	242	310
	<hr/>	<hr/>
Total	209,255	847,164

By the end of the year, most liquid assets were kept in US dollars (€ 175,521 or 71% of the total liquid assets). 29% or equivalent of € 197,886 was kept in Eur.

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

1. Reserves

AFEW International 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.

As a result of movements among reserves, at the end of 2018 the continuity reserve of *AFEW International* was increased to € 169,304.

Appropriation of result

AFEW International closed the financial year 2018 with a positive result of €27,358. Based on the Board's decision, positive result of 2018 has increased *AFEW* continuity reserve.

Reserves

(x 1€)

	Continuity reserve	Restructuring reserve	Restructuring reserve Central Asia	Total
As at 31 December 2017	122,040	0	0	122,040
Result appropriation 2018	19,906	27,358		47,264
As at 31 December 2018	141,946	27,358	0	169,303

2. Main Liabilities

Subsidy Commitments

(x 1€)

	2018 EUR	2017 EUR
Balance as at 01 January	5,436,881	7,276,861
Granted subsidies during the Year	1,946,267	496,949
Reversed during the Year	(983)	(21,420)
Spent during the Year	(2,627,437)	(2,280,635)
Exchange rate difference and revaluation	20,070	(34,874.00)
Grantee	-	-
Balance as at 31 December	4,774,798	5,436,881

As of 31st December 2018 there was a balance of €4,774,798 in subsidy commitments, among which short-term commitments amounted to €3,430,286 and long-term commitments amounted to €1,344,512.

3. Other Liabilities

(x 1€)

	2018 EUR	2017 EUR
Accounts payable, incl. salaries and accrued payroll taxes	32,874	42,172
Audit costs	24,680	19,270
Other accrued costs	13,236	31,851
	70,790	93,293

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 for the lease of the Amsterdam international secretariat office. The new lease agreement has been signed from 18th of April till 17th of April 2021. The lease agreement includes office rental, office maintenance costs (utility, cleaning costs, insurance, security, municipal taxes), some office supplies.

The final amount depends on the number of people working in the office and number of square meters occupied. Currently, 7 *AFEW International* staff work in the office. Annual costs foreseen under the lease agreement and beyond amount to €33,647 - 4 instalments and additional 5th instalment depends on extra costs occurred during the year.

Notes to the Income Statement

10. Income

A. Income from AFEW's own Fundraising Activities

(x 1€)

	Actual 2018		Budget 2018		Actual 2017	
	EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10					
Income from own fundraising:	A					
- Grants from international Foundations / NGOs	6,463		0		58,616	
- Grants from Businesses	0		0		0	
- Other: Donations / Collections	27,423		23,868		14,468	
		33,886				73,084

AFEW International makes grant applications directly to international foundations, NGOs and businesses. These are classified as income from own fundraising. In 2018 this fundraising generated: €6,463 as a contribution to project of AIDS 2018.

The volume of funds from businesses declined compared to 2017 till €0. It is not easy to get businesses interested in the priority populations that *AFEW* reach with its activities (people using drugs, prison inmates, sex workers).

Opportunities for corporate fundraising are on the executive director's agenda. Substantial efforts were put in place in the last few years to increase involvement of business in funding HIV 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 €27,423 represent the amounts received for *AFEW International's* activities from companies and individuals.

B. Income from Joint Activities

(x 1€)

	Actual 2018		Budget 2018		Actual 2017	
	EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10					
Income from joint activities	B	217,496		199,461		233,868

In 2018, income from joint activities was generated from €217,496 from KNCV Tuberculosis Foundation for implementation DGIS Agreement in the Republic of Kazakhstan.

C. Income from Third-Party Fundraising

In 2018, 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 2018 contributed €2,411,648.

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 in Other income / loss line of the Statement of Income and Expenditures and in 2018 it was loss €(7,860). 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 International* decided on new classifications for its core programme objectives, so that they better reflect what the organisation does.

Following reclassification, there are now three main objectives:

- Capacity strengthening (by far the largest area of activity, which includes training, sub-grants, technical support and client management),
- Advocacy
- Other (research, provision of sets for safe injection, condoms and other materials).

Expenditure on Programme Objectives

(x 1€)

		Actual 2018		Budget 2018		Actual 2017	
		EUR	EUR	EUR	EUR	EUR	EUR
EXPENDITURES	11						
Spent on objectives:	A						
Capacity Strengthening		1,811,025		1,661,603		1,567,403	
Advocacy		452,756		415,401		391,851	
Research /Assessments		60,422		55,437		52,153	
			2,324,203		2,132,441		2,011,406

Capacity Strengthening

For *AFEW International's* work, in 2018 total direct costs (spent on objectives) increased compared to 2017 at 16%. Direct costs were 9% higher than the budgeted amount due to implementing of 3rd year of the Bridging the Gaps project and AIDS Conference 2018.

Advocacy

With implementation of 2 projects as AIDS2018 and 'Bridging the Gaps II: Health and Rights of Key Populations' project funded by the Dutch Ministry of Foreign Affairs that is implemented in 4 countries, substantially more money was spent on advocacy activities.

Research / Assessments There are assessments by project Bridging the Gaps II: Health and Rights of Key Populations.

B. Costs of Raising Income

The costs of raising income in 2018 related to *AFEW International's* own fundraising and the costs of raising governmental grants.

Costs of AFEW's Own Fundraising

(x 1€)

		Actual 2018		Budget 2018		Actual 2017	
		EUR	EUR	EUR	EUR	EUR	EUR
EXPENDITURES	11						
Spent on objectives:	A						
Costs of raising income:	B						
Cost of own fundraising		78,834		16,154		15,246	
Costs of obtaining governmental grants				56,176		53,021	
			78,834		72,330		68,267

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 Activities. 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 Grant writer were charged to fundraising in 2018.

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

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 International 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 International* uses the VFI Recommended Application of Guideline RJ650 for Cost Management and Administration.

For assessment of the 2018 results, the principle of management and administration costs allocation was slightly revised based on reality new organisational structure. Accordingly, the cost of *AFEW International* Board meetings, executive management, 80% of the International Office, Director, Human Resources, Facilities and ICT support and 35% of the Communications and Advocacy Department's budget were allocated to M&A.

	Actual 2018		Budget 2018		Actual 2017	
	EUR	EUR	EUR	EUR	EUR	EUR
Management and administration:						
Costs Management and administration		210,225		192,880		182,046
Human Resource Development		14,550		13,349		13,857
		224,775		206,229		195,903

Specification and Division of Costs

(x 1€)

MODEL C 2018 (EUR):

Destination	CB	ADV	ADMIN obtaining expenses (Costs of)				Total 2018	Budget 2018
			Capacity Strengthening	Objectives	Research /Assessments	Own fundraising	Management & administration	Human Resource Development
Expenditures	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Subsidies and contributions (subgrants to third parties)	1,559,322	389,181	-	-	-	-	-	1,948,503
Outlays								2,077,004
Purchase and acquisitions:								
- Travel and accommodation	28,624	7,156		17,132			17,505	4,583
- Audit & Consultancy	26,320	7,230					2,750	
- Events							-	-
- Conferences participation	10,799	2,700					-	19,834
- Communication and Publicity	11,223	2,806						14,029
BTG II Assessments				43,290				43,290
Public relations and Communication (incl. Media activities)								
Staff costs:								
- Salaries and taxes	174,737.20	43,683.69				78,834.00	129,847.00	3,632
- Staff training								
Office rent							39,281	-
Office maintenance and supplies, incl. Depreciation							20,841	
Total	1,811,025	452,756	60,422	78,834	210,225	14,550	2,627,812	2,411,000
	(0)	(0)	(0)	(0)	0	(0)	(0)	

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

% of the Total Program costs

80.00%

20.00%

% of the Total costs

68.92%

17.23%

3.00%

8.00%

0.55%

100.00%

Costs directly attributable to *AFEW International's* three core objectives (programme activities) amounted to €1,948,503 (or 74% of the total expenditure for 2018). Directly attributable costs increased 13% compared to 2017 (€1,717,732), due to reasons explained earlier.

Management and administration costs represented 8% of the total expenditure 2018, or €210,225. These costs increased compared to 2017, in terms of amount (from €182,046 in 2017) and keep 8% percentage of total costs in 2017 and 2018.

Breakdown of Staff Costs

(x 1€)

	Actual 2018 EUR	Budget 2018 EUR	Actual 2017 EUR
Salaries	413,157	333,996	337,395
Social securities / taxes	0		-
Pension Plan	25,915		24,658
Others	0		-
Total Staff costs	439,072	333,996	362,053

The total amount spent on staff in 2018 is on 21% higher than 2017. *AFEW International* has 7 employees by the end of 2018.

Remuneration of the Supervisory Board

Board members do not receive remuneration for their activities in accordance with *AFEW International* 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 secretariat. *AFEW International* has pension contribution for its staff.

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

AFEW International 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:

WNT-VERANTWOORDING 2018 Stichting AFEW International

De WNT is van toepassing op Stichting AFEW International. Het voor Stichting AFEW International toepasselijke bezoldigingsmaximum is in 2018 € 189.000.

Bezoldiging topfunctionarissen

Leidinggevende topfunctionarissen met dienstbetrekking en leidinggevende topfunctionarissen zonder dienstbetrekking vanaf de 13^e maand van de functievervulling

bedragen x € 1		J.J. van Dam
Functiegegevens		Bestuurder
Aanvang en einde functievervulling in 2018		1/1 - 31/12
Omvang dienstverband (als deeltijdfactor in fte)		92.3
Dienstbetrekking?		Ja
Bezoldiging		
Beloning plus belastbare onkostenvergoeding		89,050
Beloningen betaalbaar op termijn		6,898
<i>Subtotaal</i>		95,948
Individueel toepasselijke bezoldigingsmaximum		174,466
-/- Onverschuldigd betaald bedrag en nog niet terugontvangen bedragen		-
Totaal bezoldiging		95,948
Reden waarom de overschrijding al dan niet is toegestaan		N.v.t.
Gegevens 2017		
Aanvang en einde functievervulling in 2017		1/1 - 31/12
Omvang dienstverband (als deeltijdfactor in fte)		92.3
Beloning plus belastbare onkostenvergoeding		87,374
Beloningen betaalbaar op termijn		6,760
<i>Subtotaal</i>		
Individueel toepasselijke bezoldigingsmaximum		167,081
Totaal bezoldiging 2017		94,134

Topfunctionarissen met een bezoldiging van € 1.700 of minder

Naam topfunctionaris	Functie
Dhr. V. Mendelevich	Commissaris
Dhr. H.L. Fuenzalida	Commissaris
Dhr. R.L. Kamermans	Commissaris
Dhr. E. Davidovich	Commissaris
Mevr. M. Iavkovleva	Commissaris
Dhr. M.D. Kazatchkine	Commissaris
Dhr. T. Abdullaev	Commissaris

Signed by AFEW Board members and the Management Team on 9th of May 2019 in Amsterdam.

Board Members:

Michel Kazatchkine (Chairman)



Udi Davidovich (Vice Chairman)



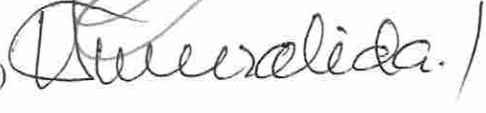
Dolf Kamermans (Treasurer)



Vladimir Mendelevich (Board member)



Hernan Fuenzalida (Board member)



Maria Jokovleva (Board member)



Timur Abdullaev (Board member)



Marieke van der Werf (observer)



Elena Voskresenskaya (representative AFEW Network, observer)



Management Team:

Anke van Dam (Executive Director)



Janine Wildschut (Director of Programmes)



Yuliya van Polanen (Director of Finance)



Based on the following procedures performed, we conclude that the other information:

- ▶ is consistent with the financial statements and does not contain material misstatements;
- ▶ contains the information as required by Guideline for annual reporting 650 “Fundraising institutions” of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with RJ 650 and the guideline for WNT and other information as required by RJ 650 and the guideline for WNT.

C. Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with RJ 650 and the guideline for WNT. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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.



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The Netherlands

Independent auditor's report

To: the management of Stichting AFEW International

A. Report on the audit of the financial statements 2018

Our opinion

We have audited the financial statements 2018 of Stichting AFEW International based in statutory place.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting AFEW International as at 31 December 2018 and of its result for 2018 in accordance with Guideline for annual reporting 650 "Fundraising institutions" of the Dutch Accounting Standards Board (RJ650) and the guideline for Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2018;
2. the profit and loss account for 2018; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting AFEW International in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ the management report;
- ▶ other information.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- ▶ evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- ▶ evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ▶ evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 23 May 2019

Yours sincerely,
For and on behalf of
BDO Audit & Assurance B.V.,



Drs. J.S. Terlingen RA

Initials for identification purposes:

