

**Eurazijos žalos mažinimo  
asociacija**

**Independent Auditor's report and Financial  
Statements for the year ended 31 December 2017**

# Eurasian Harm Reduction Association

## Financial statements for the year ended 31 December 2017

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**INDEPENDENT AUDITOR'S REPORT**

To members of Eurasian harm reduction Association

**Opinion**

We have audited the financial statements of (the Association), which comprise the balance sheet as at December 31, 2017, and the statement of activities for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Association as at December 31, 2017, and its financial performance for the year then ended in accordance with law on Lithuania on accounting and financial reporting and non-profit limited liabilities entities accounting and financial reporting preparation and presentation rules.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information submitted in the Association's Activities Report**

The other information comprises the information included in the Association's Activities report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Association's Activities report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether Activities report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Association's Activities report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Association's Activities report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Business Accounting Standards, and 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 Association'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 the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor Elena Jankevičienė  
Auditor's Certificate No.000097  
Audit Association's license number No.001230  
Vilnius, Republic of Lithuania  
20 April 2018

THE EURASIAN HARM REDUCTION ASSOCIATION

Code 304470687, Gedimino pr. 45-4, Vilnius

BALANCE SHEET

31 December 2017

(EUR)

	ASSETS	Note No	Financial year	Previous financial year
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>210731</b>	
I.	INTANGIBLE ASSETS			
1	Patents, licenses			
2	Software			
3	Other intangible assets			
II.	TANGIBLE ASSETS	<b>1</b>	<b>5520</b>	
1	Land			
2	Building and plant			
3	Machinery and equipment			
4	Vehicles			
5	Other equipment, tools and devices			
6	Construction in progress			
7	Other tangible assets		5520	
III.	FINANCIAL ASSETS		<b>205211</b>	
1	Accounts receivable after one year		205211	
2	Other financial assets			
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>2</b>	<b>559311</b>	
I.	STOCK, PREPAYMENTS AND CONTRACTS IN PROGRESS		12706	
1	Stock			
2	Prepayments		12706	
3	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR		240211	
1	Trade debtors			
2	Other accounts receivable		240211	
III.	OTHER SHORT TERM ASSETS		-	
1	Short-term investments			
2	Term deposits			
3	Other current assets			
IV.	CASH AND CASH EQUIVALENTS		306394	
	<b>TOTAL ASSETS:</b>		<b>770042</b>	

	EQUITY AND LIABILITIES	Note No.	Financial year	Previous financial year
<b>C.</b>	<b>EQUITY</b>		(3656)	
I.	SHARE CAPITAL			
II.	LEGAL RESERVE			
III.	OTHER RESERVES			
IV.	PROFIT (LOSS) BROUGHT FORWARD	7	(3656)	
1	Current year profit (loss)		(3656)	
2	Previous year profit (loss)			
<b>D.</b>	<b>GRANTS AND SUBSIDIARIES</b>	3	764815	
1.	Subside		5520	
2.	Contributions for a specific purpose		313873	
2.1.	Funding amounts from the state budget			
2.2.	Other targeted contributions		313873	
3.	Membership fees			
4.	Other funding		445422	
<b>E.</b>	<b>ACCOUNTS PAYABLE AND LIABILITIES</b>	4	8883	
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		-	
1	Financial debts			
2	Other accounts payable and non-current liabilities			
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		8883	
1	Current year portion of non-current debts			
2	Financial debts			
3	Accounts payable		189	
4	Prepayments received			
5	Liabilities related to labour relations		8694	
6	Other accounts payable and current liabilities			
	<b>EQUITY, GRANTS AND SUBSIDIARIES, ACCOUNTS PAYABLE AND LIABILITIES , TOTAL</b>		<b>770042</b>	

Executive Director      Ganna Doybakh

Chief Accountant      Danguole Zapkuviene



**THE EURASIAN HARM REDUCTION ASSOCIATION**

Code 304470687, Gedimino pr. 45-4, Vilnius

**STATEMENT OF ACTIVITIES**  
31 December 2017

(EUR)

	Item	Note	Financial year	Previous financial year
<b>I.</b>	<b>REVENUE</b>		<b>162136</b>	
1	Revenue from services provided, goods sold			
<b>2</b>	Financing income	<b>6</b>	162136	
2.1.	Amounts of funding from the state budget			
2.2.	Other financing income		162136	
3.	Other revenue		2517	
<b>II.</b>	<b>EXPENSES</b>		<b>165792</b>	
1	Cost of services provided, goods sold			
2	Other expenses			
<b>3</b>	Operating expenses	<b>5</b>	<b>165792</b>	
3.1.	Distribution		-	
3.2.	Expenses related to labour relations		43770	
3.3.	Depreciation and amortization		-	
3.4.	Rent and maintenance		4425	
3.5.	Communications		1373	
3.6.	Transportation		-	
3.7.	Decrease in value of assets		-	
3.8.	Other operating expenses		67629	
3.9.	Transferred funding		48595	
3.10.	Correction of errors		-	
<b>III.</b>	<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>(3656)</b>	
<b>IV.</b>	<b>CORPORATE INCOME TAX</b>		<b>0</b>	
<b>V.</b>	<b>NET PROFIT (LOSS)</b>	<b>7</b>	<b>(3656)</b>	

Executive Director      **Ganna Dovbakh**

Chief Accountant      **Danguole Zapkuvieni**



**THE EURASIAN HARM REDUCTION ASSOCIATION**  
CODE 304470687, GEDIMINO PR. 45-4, VILNIUS

**EXPLANATORY NOTES**  
For the year ended 31<sup>st</sup> December 2017

**I. GENERAL INFORMATION**

1. THE EURASIAN HARM REDUCTION ASSOCIATION (hereinafter the Institution) is a non-profit public legal entity. Its goals and activities are promotion of humane, evidence-based harm reduction methods in the field of drug use, and reduction of prevalence of socially relevant disease; development of policy on drug use, on order to improve health and human right on individual, community, and social level.
2. The Institution was registered on 2<sup>th</sup> March 2017. The Institution registration number is 304470687, it is not subject to VAT, registered address is Gedimino pr. 45-4, Vilnius. Period of operation is unlimited. The financial year is a calendar year.
3. The Institution had 7 employees at the end of the year.
- 4.

**II. ACCOUNTING POLICIES**

*Form of the financial statements*

The financial statements of the Institution have been prepared in compliance with Law on Accounting and Law on Financial Statements of Entities of the Republic of Lithuania, and Order No. 1K-372 of the Minister of Finance of the Republic of Lithuania of 22 November 2004 on Approval of Rules of Accounting and Preparation and Submission of Financial Statements of Non-Profit Limited Civil Liability Legal Entities.

Institutions records kept by non-profit limited liability legal entities accounting and financial reporting, and the political and campaign participants donated assets received and service evaluation rules.

The financial statements have been prepared on the assumption that the Institution will be able to continue as a going concern in the nearest future.

*Currency of the financial statements*

These financial statements are presented in the national currency, the Euro (EUR).

*Intangible assets and Fixed assets*

Intangible assets and Fixed assets are stated at acquisition cost less accumulated amortization and impairment losses.

Amortization is provided on a straight-line (linear) method with consideration of the expected useful lives of intangible assets. The amortization period set for intangible assets is 3 years and the acquisition cost is at least 500 EUR.

Fixed assets group	Year standarts
<b>INTANGIBLE ASSETS</b>	
Program equipment	3
Acquired rights	3
Other intangible assets	4

*Tangible non-current assets*

Tangible non-current assets are stated at acquisition cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight line (linear) method with consideration of the expected useful lives of tangible non-current assets. Assets are classified as non-current assets if their useful life is longer than one year and acquisition cost is at least 500 EUR. Residual value of non-current assets is 1 EUR. Assets are depreciated over 3-6 years of useful lives.

Fixed assets group	Year standarts
<b>TANGIBLE ASSETS</b>	
Furniture	6
Computer and communication equipment (computers, their networks and equipment)	3
Other tangible assets	4

*Foreign currency*



All currency items of the balance sheet are presented in euro applying the currency exchange rate effective as at the balance sheet date. Differences arising upon payment of the amounts recorded in other currencies in the currency items are recognized as income or costs of the reporting period.

#### *Current assets*

- Prepayments. These are prepayments to suppliers for inventories or services which will be received by the Institution later on.
- Amounts receivable.

Amounts receivable are stated at net value less impairment losses. These include accrued income related to receivable financing and other amounts receivable within the period of 12 months as of the balance sheet date which are not presented under other headings of the balance sheet.

#### *Accounting of funding*

Sources of funding received by the Institution are the following:

- subsidies;
- targeted contributions;
- other.

Subsidies are recorded when non-current assets are received free of charge or acquired using funds allocated to a programme. Subsidies are recognized and shown in the balance sheet when they have the following features:

- purpose of assets received meets the objectives set out in the statute of an entity;
- the Institution receives non-current assets free of charge or acquires such assets for funds allocated to a programme (relief).

Accounting of subsidies is based on the accrual method. Subsidies are recognized as used when assets received free of charge and acquired for targeted funds are depreciated. The unused part of a subsidy is shown in the balance sheet. The Institution collects information specified by givers, groups of assets received.

Targeted contributions include funding received from the budget of the state or municipalities, the European Union, the foreign and Lithuanian relief funds, legal entities, donors and individuals for implementation of strictly defined goals. Targeted contributions are recognized and booked if they meet the following criteria:

- the nature of activity established in the statute of the receiver of contributions meets the requirements set for funding;
- there are decisions confirmed by documents and other evidence that contributions will be received;
- Institution has incurred expenses, financing to which is arranged.

If targeted contributions meet the criteria described in the definition, they are booked as receivable. If targeted contributions fail to meet the criteria for recognition, they are booked as targeted contributions after their actual receipt. Targeted contributions may include non-repayable loans, if the Institution is able to guarantee that all terms set for use of the loan will be met and the loan will not have to be repaid. Targeted contributions may be, for example, funding received for implementation of goals set out in the summary, funding for an event. Targeted contributions are recognized as used to the extent that the expenses incurred are recognized as to be compensated. After use of targeted contributions for acquisition of non-current assets, only the item of funding changes: the subsidy increases, targeted funding decreases.

The Institution may receive funding other than subsidies, targeted contributions. An example of such funding may be supply of goods, when the giver sets out a purpose of use, donations or other type of funding, when the giver does not specify a particular purpose of use. If the giver does not specify purpose of funding, a legal entity may use the funding at its own discretion.

Funding received for a specified or unspecified purpose is recognized as used in the same manner as targeted contributions. Funding in goods is carried at fair value and booked as stock. Such funding is recognized as used (expenditure is recognized as compensated) during the period in which stocks received are used.

The value of support in services (including voluntary work) is estimated at the amount an entity would have to pay if services were purchased. Support received in services or voluntary work is not recognised as funding.

Acquisition cost of assets received free of charge is determined by reference to the assets' fair value.

#### *Reserves*

The Institution does not form any Reserves.

#### *Liabilities*

Liabilities of the Institution are recognized and stated in the balance sheet when the Institution undertakes obligations which shall be fulfilled. Liabilities are carried at cost.

#### *Operating expenses*

Expenses are recognized on an accrual and comparative basis in the reporting period when they are incurred.

Operating expenses include the following: maintenance of premises, communications, postal services, remuneration, depreciation, business trips, consultants, organising conferences and other.

Transferred funding includes money means transferred to sub-recipients. In all such cases Institution is fully responsible to the donor, at the same time sub-recipients are fully responsible to the Institution for usage of funds transferred.

### III. EXPLANATORY NOTES

#### 1. Tangible Fixed Assets

Item	Other tangible fixed assets	TOTAL:
<b>NET VALUE AT 31/12/2016</b>	<b>0</b>	<b>0</b>
<b>Acquisition cost:</b>		
Balance at 31/12/2016	0	0
Additions	5520	5520
Disposals	0	0
<b>Balance at 31/12/2017</b>	<b>5520</b>	<b>5520</b>
<b>Depreciation:</b>		
Balance at 31/12/2016	0	0
Depreciation charge for the year	0	0
Written back	0	0
Depreciation of disposals and write-offs	0	0
<b>Balance at 31/12/2017</b>	<b>0</b>	<b>0</b>
<b>NET VALUE AT 31/12/2017</b>	<b>5520</b>	<b>5520</b>

#### 2. Current Assets

At 31<sup>st</sup> December 2017, the balance of current assets was 764 522 EUR, which includes the following balance sheet items:

- Prepayments: 12 706 EUR. This includes rent deposit for the premises 2 021 EUR, advance payments to suppliers 3 872 EUR, deferred charges 6 813 EUR.
- Receivable financing in one year: 240 211 Eur, long-term part 205 211 Eur.
- Balances on bank accounts 306 394 Eur.

#### 3. Funding

The funding includes:

Project name	Balance at 31.12.2016	Funding received in 2017	Funding used in 2017	Reclassification between projects	Receivables financing	Balance at 31.12.2017
AFEW-2017	0	39338	3220		35 000	71118
DUNews 2017	0	21957	21957			0
INPUD-ENPUD 2017	0	15000	14327			673
RCNF Regional Consortium 2018	0	123893	90687			33206
RCNF International Consortium 2018	0	27719	25660			2059
RCNF Enpud International Consortium 2018	0	5523	3668			1855
OSF	0	205915	8122		410 422 *	608215
LSF	0	42183	14			42169
		<b>481528</b>	<b>167655</b>		<b>445422</b>	<b>759295</b>

\*grant currency is USD and equal 492 282,67 USD. Exchange rate (31-12-2017) 1,199299

Subsides 5520 EUR. It is the net value of the fixed assets, which has been acquired through the funding.

#### 4. Account Payable and Liabilities

The balance of the amounts payable is 8883 EUR which includes the following items:

- accounts payable: 189 EUR;
- income tax payable 2334 Eur;
- liabilities associated with labour relations (social insurance and social security payable) 6360 EUR.

#### 5. Operating Cost

The operating costs of the Institution are 165792 EUR and include the following:

- 43770 EUR is the costs for the maintenance of the employees, including costs, the gross annual salary of heads was 14523 EUR.
- 4425 EUR – the costs of the office rent, security, maintenance and utility bills;
- 1373 EUR – the costs of communication, post and internet connection;
- 25040 EUR – the costs of stationery, maintenance (goods and services) of office equipment, banking services, business trips, audit and other types of expenses;
- 41757 EUR – the costs of advisors and translations;
- 832 EUR – the costs of organizing seminars and conferences;
- 48 595 EUR – transferred funding to sub-recipients within the partnership/grant agreements.

#### 6. Funding Revenue

The funding revenue has been accounted as a proportion of funding received and receivable to the extent it has been used during the accounting period for reimbursing the costs incurred. In 2017, 162136 EUR of the costs, which comprise the incurred project costs funded through foreign funds, was reimbursed.

#### 7. Operating result

In 2017, the net result was – 3656 EUR loss.

8. The 2017 financial statements have been prepared on the assumption that the company will continue its activities. EHRA Secretariat approved operating budget for 2018 year up to EUR 862 382 with 7 ongoing projects. Team is working constantly for developing new project proposals to get funding for strategic framework implementation, securing the necessary funding to ensure the company's activities for at least one year.

Executive Director      Ganna Dovbakh

Chief Accountant      Danguole Zapkuvienė



## ACTIVITIES REPORT

Along with strengthening EHRA's governance systems, considerable efforts have been made to strengthen the organization's institutional and administrative capacity to implement its Strategic Framework 2018-2019 to become a leading harm reduction networking organization in the CEECA region. EHRA has a dedicated staff of 13 highly competent professionals with advanced skills in the management of complex, large-scale projects with expertise in advocacy and community mobilization, as well as experience in the provision of a wide spectrum of technical assistance. This dedicated staff formed the EHRA Secretariat and started the operationalization of the Strategic Framework under the professional leadership of the Executive Director who was appointed by the EHRA Steering Committee.

Key efforts in 2017 were focused on the **broadening of program activities; building up collaborative partnerships with global, regional and national stakeholders, including civil society, key population organizations, donors, and technical agencies; and active fund-raising** to ensure the financial and programmatic sustainability of EHRA.

Increased organizational and administrative capacity during June-December 2017 made it possible for EHRA to launch **nine** advocacy, coordination and community capacity projects.

We can feel satisfied and proud of the program results that we have achieved in 2017 that include the following:

- ✓ Within EHRA's project portfolio in 2017, it was possible to award **17 sub-grants** to harm reduction activists and community organizations of people who use drugs in **Armenia, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Lithuania, Moldova, Russia, Ukraine, and Uzbekistan** to support them in becoming experts and for them to take the lead in advocacy at national, regional and international levels for improved policies and services that correspond to their needs.
- ✓ **A study visit to Portugal** took place in December 2017 for 11 PWUD community members studying the implementation of harm reduction programs and drug policy strategies, including decriminalization of drugs and partnerships between law enforcement, health bodies and NGOs. During the study visit, participants gained in-depth knowledge of how reform through decriminalization of drug use has helped Portugal to achieve important successes. Participants achieved a better understanding of how the Portuguese decriminalization model can be incorporated into the laws and policies of the home countries of the participants.
- ✓ EHRA was selected by the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria (GFATM, or Global Fund) as the host of the **Eastern Europe and Central Asia Regional Community, Rights and Gender (CRG) Platform** to play a key role in engaging civil society organizations and community networks in Global Fund processes. Regional platforms for communication and coordination are also expected to play a similar, supportive role. The platforms are responsible for fostering regional dialogue, the exchange of knowledge and good practices among civil society actors and networks, and to disseminate information on technical assistance opportunities available to civil society and community groups across all countries where the Global Fund has grants as well as in countries under Global Fund multi-country grants.
- ✓ The leaders of EHRA have been actively engaged in **policy and advocacy for sustainable financing of HIV responses at the European Union (EU) level** through active participation in policy actions such as the *Senior Level Policy Dialogue Addressing HIV and TB Challenges: from Donor Support to Sustainable Health Systems* conducted under the auspices of the Estonian Presidency of the Council of the European Union as well as the core group at the EU Civil Society Forum on HIV, TB, Hepatitis, and the European Harm Reduction Correlation Network meeting.
- ✓ In October 2017, EHRA joined the **Harm Reduction Consortium** which brings together leading international and regional harm reduction, drug policy and drug user networks. The Consortium aims to strengthen the advocacy potential of people who use drugs to challenge repressive laws and policies that act as barriers to effective harm reduction and HIV programming in the East European and Central Asian region.
- ✓ In November 2017, EHRA also joined the **Eurasian Regional Consortium**, composed of two other regional community organizations - the Eurasian Coalition on Male Health (ECOM) and the East European and Central Asian Union of PLHIV Organizations (ECUO) - with the objective of jointly carrying out advocacy activities for community strengthening in order to expand funding for, and accessibility of, services for people who use drugs (PWUD), men who have sex with men (MSM) and all trans people (MSM and Trans-Gender (TG)) and people living with HIV (PLHIV) along the continuum of HIV care in the East European and Central Asian region.
- ✓ **A Budget advocacy community guide** was drafted for further review by an expert group and a PWUD focus group for finalization in 2018. The guide's aim is to inform community activists from inadequately served populations (ISP's) on how to engage in meaningful, transparent and accountable budget advocacy efforts with domestic government at national or sub-national level.

- ✓ In November 2017, EHRA launched the project ***Right to Life*** that includes the development of skills of women who use drugs and women living with HIV to document and analyze typical human rights violations and structural violence; to initiate and sustain regular communication and cooperation on cases of human rights violations and structural violence with national and local governments as well as in-country human and legal rights protection mechanisms; and to build an alliance with international human rights, gender, and harm reduction organizations in order to strategically work with the UN and the Council of Europe human rights protection mechanisms.
- ✓ EHRA has been active in **sharing information regarding processes and policies of the Global Fund (GF)** through a specific mailing list for CEECA delegates in the constituencies of GF board members. For EHRA, it is crucial to maintain an information flow concerning GF processes at a high level as the Global Fund remains one of the major funders of harm reduction programs in countries of the CEECA.
- ✓ In December 2017, a **Regional Communities Consortium** was established for better Global Fund-related advocacy and for submitting applications to Global Fund multi-country proposals. The Consortium comprises the following key community networks:
  - Eurasian Harm Reduction Association (EHRA)
  - Eurasian Coalition on Male Health (ECOM)
  - Eurasian Network of People Using Drugs (ENPUD)
  - Eurasian Women's Network on AIDS (EWNA)
  - Sex Workers' Rights Advocacy Network (SWAN)
- ✓ **17 advocacy videos** were created during 2017, including 5 analytical reports on the availability of services needed by key populations in countries of the CEECA that were filmed, edited and published online. Through assistance provided by EHRA administrative support, a new, socially significant and unique video advocacy initiative was realized by the community media channel DUNews.
- ✓ Our approach to work with people who use drugs (PWUD) is based on the recognition of the principle of the greater involvement of PWUD in policy and advocacy work as well as in programs and services that affect their lives. That is why it is important for EHRA to act as a **strategic partner and fiduciary agent of the Eurasian Network of People Using Drugs (ENPUD)**. EHRA provides financial and administrative support to the program activities of ENPUD which includes the provision of small grants to community organizations, initiative groups and leaders of PWUD communities to achieve the strategic objectives of ENPUD.

All of these exciting achievements were made possible thanks to the committed efforts of the EHRA Steering Committee and the entire EHRA membership, together with the dedicated work of a highly skilled Secretariat staff and through the inspiration received from **112 organizations and 19 individuals** around globe who co-signed an **open support letter** to EHRA. Financial and technical support to EHRA was received from AFEW International; the International Network of People Who Use Drugs; the Levi Strauss Foundation; the Open Society Foundations; the Rights Reporter Foundation; the Robert Carr Civil Society Networks Fund; and the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria.

ANNEX 1: LIST OF PROJECTS IN 2017

No.	Project Title	Donor	Implementation Details	Description
1.	Advocacy for access, sustainability, and quality of harm reduction services and for protection of human rights for people who use drugs in Eastern Europe and Central Asia	Open Society Foundations (OSF)	<p><b>Project Period:</b> December 2017 - November 2019  <b>Budget:</b> USD738,328  <b>Project Status:</b> In progress  <b>Target Countries:</b> Countries of Central and Eastern Europe and Central Asia</p>	<ul style="list-style-type: none"> <li>✓ Support affected communities from the Balkan region in the context of advocating for the transition of HIV prevention programs to national funding; and,</li> <li>✓ Support the harm reduction and human rights protection activities of people who use drugs in the CEECA region.</li> </ul>
2.	Regional civil society and community support, communication and coordination platform in Eastern Europe and Central Asia (Regional Platform EECA).	The Global Fund to fight HIV/AIDS, Tuberculosis and Malaria (GF)	<p><b>Project Period:</b> December 2017 - April 2020  <b>Budget:</b> USD450,000  <b>Project Status:</b> In progress  <b>Target Countries:</b> Countries of Eastern Europe and Central Asia</p>	<p>EHRA was selected by the Global Fund as the <b>host of the EECA Regional Platform</b> to play a key role in engaging civil society organizations and community networks in Global Fund processes.</p> <p><b>Activities for 2018-2020 include:</b></p> <ul style="list-style-type: none"> <li>✓ National workshops for SCOs and SBOs involved into the implementation of GF grants as sub-recipients or sub-sub-recipients;</li> <li>✓ A regional workshop for CCM members from EECA countries – including representatives of the civil society sector;</li> <li>✓ Support for NGOs and CBOs in the development of quality requests for technical assistance from the CRG; and,</li> <li>✓ Improvement in access to GF related information through webinars, information notes, coordination calls, and other activities.</li> </ul>
3.	Right to Life	Levi Strauss Foundation	<p><b>Project Period:</b> November 2017 - November 2018  <b>Budget:</b> USD50,000  <b>Project Status:</b> In progress  <b>Target Countries:</b> Estonia, Russia</p>	<p>The <b>long-term goal</b> of the project is to improve the enjoyment of human rights by women from vulnerable communities and their access to health care and social protection in areas with high prevalence of drug use and HIV infection.</p> <p>The <b>objectives</b> of the project are:</p> <ul style="list-style-type: none"> <li>✓ To develop the skills of women who use drugs and women living with HIV to document and analyze typical human rights violations and structural violence as well as build cooperation with local and national governments;</li> <li>✓ To initiate and sustain regular communication and cooperation concerning cases of human rights violations and structural violence with national and local governments and in-country human and legal rights protection mechanisms; and,</li> <li>✓ To build an alliance with international human rights, gender, and harm reduction organizations in order to strategically work with the human rights protection mechanisms of the UN and the Council of Europe.</li> </ul> <p>During this reporting period, EHRA provided technical assistance to community-based organizations (CBO's) in Estonia to increase the capacity of the PWUD community in</p>

No.	Project Title	Donor	Implementation Details	Description
4.	Money can buy health if you budget for it, with the Eurasian Regional Consortium	Robert Carr Civil Society Networks Fund (RCNF)	<p><b>Project Period:</b> October 2017 - December 2018</p> <p><b>Budget:</b> USD345,710</p> <p><b>Project Status:</b> In progress</p> <p><b>Target Countries:</b> Armenia, Estonia, and Kyrgyzstan, and other countries of the EECA</p>	<p>the use of evidence-based data to inform policy, with an action advocacy plan for 2018 developed.</p> <p>The goal of the project is to build the capacity of community-based organizations of key populations, and to foster exchange and partnership between different inadequately served population (ISP) groups in budget advocacy and HIV resource accountability, as well as to help them advocate for national and municipal budget resources to be allocated to the continuum of HIV care for all ISP's in the EECA.</p> <p><b>Objectives include:</b></p> <ul style="list-style-type: none"> <li>✓ Advocacy for sufficient and sustainable funding of responses to HIV that address the needs of ISP's; and,</li> <li>✓ To build the capacity of regional networks and their members - who represent PWUD, MSM, TG and PLWH and those who work in their interest in the EECA - in advocating for sustainable funding of responses to HIV that address the needs of ISP's.</li> </ul> <p><b>Outcomes include:</b></p> <ul style="list-style-type: none"> <li>✓ The EHRA Strategic Framework Plan 2018-2019 which was developed and then adopted by the EHRA General Meeting. The process of development included face-to-face meetings, webinars with EHRA members in Russian and English, and consultations with members via on-line survey platforms; the strategic plan is available in English and Russian at: <a href="http://harmreductioneurasia.org/about-us/#strategy">http://harmreductioneurasia.org/about-us/#strategy</a></li> <li>✓ 3 sub-grants were awarded for national networks of key populations to support local activities in budget advocacy and to monitor country progress in the allocation of domestic resources to HIV programs for key populations.</li> <li>✓ A <i>Budget Advocacy Community Guide</i> was drafted for further review by an expert group and a PWUD focus group for finalization in 2018. The guide aims to inform community activists from inadequately served populations on how to engage in meaningful, transparent and accountable budget advocacy efforts with their respective domestic government at national or sub-national levels.</li> <li>✓ The EHRA leadership participated in a number of policy advocacy activities at the European Union (EU) level including the Civil Society Forum (CSF) on Drugs; a meeting of the Correlation Network to reinforce European harm reduction efforts; and the EU Senior Policy Dialogue on HIV and TB.</li> </ul> <p>The tools and experience developed within this project will be applicable to the entire EECA region.</p>

No.	Project Title	Donor	Implementation Details	Description
5.	Strengthening civil society advocacy for critical enablers of the HIV response for people who use drugs, implemented through the International Harm Reduction Consortium	Robert Carr Civil Society Networks Fund (RCNF)	<p><b>Project Period:</b> October 2017 - December 2018</p> <p><b>Budget:</b> USD105,613 (allocated to EHRA)</p> <p><b>Project Status:</b> In progress</p> <p><b>Target Countries:</b> Belarus, Georgia, Kyrgyzstan, Lithuania, Moldova and other countries of the EECA</p>	<p>The <b>project goal</b> is to strengthen the advocacy potential of people who use drugs in challenging repressive laws and policies that act as barriers to effective harm reduction and HIV programming in the Eastern Europe and Central Asia region.</p> <p><b>Project tasks</b> include:</p> <ul style="list-style-type: none"> <li>✓ The building of capacity and collaboration between international, regional and national levels to effectively advocate for harm reduction, human rights and drug policy reform.</li> <li>✓ Creating conditions for, and the provision of technical assistance in, the building of capacity of regional networks of communities of people who use drugs.</li> <li>✓ Analysis of national regulations in the field of drug policy affecting the safety of life and access to harm reduction services for people who use drugs with community help.</li> <li>✓ Conducting advocacy campaigns.</li> <li>✓ Monitoring of harm reduction investments from donors and governments and advocating for increased funding for alternatives to punishment and greater expenditure on HIV-related services for people who use drugs. In addition, the provision of small grants for local advocacy programs and initiatives implemented by communities.</li> </ul> <p><b>Outcomes</b> include a study visit to Portugal in December 2017 for 11 leaders of communities of people who use drugs to examine Portugal's experience in the decriminalization of drugs and in developing and implementing effective alternatives to punishment for crimes committed by people who use drugs.</p>
6.	Strengthening civil society advocacy for critical enablers of the HIV response for people who use drugs, implemented through the International Harm Reduction Consortium	Robert Carr Civil Society Networks Fund (RCNF)	<p><b>Project Period:</b> October 2017 - December 2018</p> <p><b>Budget:</b> USD21,044 (allocated to ENPUD)</p> <p><b>Project Status:</b> In progress</p> <p><b>Target Countries:</b> Countries of Eastern Europe and Central Asia</p>	<p>The <b>project goal</b> is to strengthen the advocacy potential of people who use drugs in challenging repressive laws and policies that act as barriers to effective harm reduction and HIV programming in the East European and Central Asian region.</p> <p><b>Within the framework of the project, ENPUD seeks:</b></p> <ul style="list-style-type: none"> <li>✓ To enhance organizational capacity through training and involvement of the advocacy coordinator, communication specialist and mobilization specialist in the secretariat team.</li> <li>✓ To strengthen the community's capacity to advocate for decriminalization and the initiation of alternative punitive approaches through training of community leaders in Portugal (2017) and the Czech Republic (2018).</li> <li>✓ Together with EuroNPUD, to undertake planning and capacity building in conjunction with IDPC and INPUD prior to the meeting of the Commission on Narcotic Drugs (CND) for the purpose of forming a community position and in taking soundings from the respective country governments of the region.</li> </ul>



No.	Project Title	Donor	Implementation Details	Description
7.	Greater engagement of the community of people who use drugs (PWUD) from the CEECA region in the AIDS 2018 conference	AFEW International	<p><b>Project Period:</b> July 2017 - October 2018 <b>Budget:</b> EUR74,338 <b>Project Status:</b> In progress <b>Target Countries:</b> Countries of Central and Eastern Europe and Central Asia</p>	<p>The project aims to mobilize and build the capacity of communities of PWUD in the CEECA region to (1) advocate for effective, evidence-based and rights-based HIV/AIDS policies, interventions and resources; and, (2) to have a strong voice at the 22nd International AIDS Conference (AIDS2018).</p> <p><b>Key activities implemented in 2017</b> include:</p> <ul style="list-style-type: none"> <li>✓ Nomination of speakers from the EECA for the AIDS2018 program.</li> <li>✓ Technical assistance (mentor review, informative feedback and suggestions to improve the scientific content of abstracts) was provided to 97 draft abstracts to be submitted to the AIDS2018 program with 36 of them submitted by PWUD representatives as well as individual and organizational members of EHRA.</li> <li>✓ Preparation of 3 specific scientific publications with community involvement to be submitted for peer review and publication in a special edition of the <i>Harm Reduction Journal</i> to be released at AIDS2018.</li> <li>✓ Coordination of meaningful participation by EECA regional networks of key communities in preparation for, and participation in, AIDS2018; this has included 3 coordination calls organized and facilitated with the participation of 20 regional and international partner organizations operating in the EECA region that has resulted in the submission of a jointly formulated regional community networks' application for the <i>EECA Communities Network Zone</i> in the <i>Global Village</i> at AIDS2018.</li> <li>✓ EHRA, together with partners and its members, have applied for 9 workshops and sessions as well as the submission of 10 abstracts to be included into the AIDS2018 program.</li> </ul> <p>EHRA supported a new, socially significant, project, providing financial and administrative support to the community media channel, <u>DUNews</u>.</p> <p><b>Outcomes included:</b></p> <ul style="list-style-type: none"> <li>✓ 17 videos created, including 5 analytical reports, on the availability of services needed by key populations in countries of the CEECA that were filmed, edited and published online; a further 5 videos are now at the post-production stage.</li> <li>✓ The concept of a regional media network and training resource was developed with the aim of increasing the number of advocacy video materials produced by key communities that will become a powerful tool for documenting human rights violations through community-led advocacy.</li> </ul> <p>EHRA is acting as the strategic partner and fiducial agent of the Eurasian Network of People Using Drugs (ENPUD). EHRA provides financial and administrative support to the program activities of ENPUD including the provision of small grants to community organizations, initiative groups and leaders of the PWUD community to achieve the strategic objectives of ENPUD.</p>
8.	Drug User News	Rights Reporter Foundation	<p><b>Project Period:</b> June - December 2017 <b>Budget:</b> USD24,950 <b>Project Status:</b> Completed <b>Target Countries:</b> Countries of Central and Eastern Europe and Central Asia</p>	<p>EHRA supported a new, socially significant, project, providing financial and administrative support to the community media channel, <u>DUNews</u>.</p> <p><b>Outcomes included:</b></p> <ul style="list-style-type: none"> <li>✓ 17 videos created, including 5 analytical reports, on the availability of services needed by key populations in countries of the CEECA that were filmed, edited and published online; a further 5 videos are now at the post-production stage.</li> <li>✓ The concept of a regional media network and training resource was developed with the aim of increasing the number of advocacy video materials produced by key communities that will become a powerful tool for documenting human rights violations through community-led advocacy.</li> </ul>
9.	Organizational support to the activities of the Eurasian Network of People Who Use Drugs (ENPUD)	International Network of People Who Use Drugs (INPUD)	<p><b>Project Period:</b> June - December 2017 <b>Budget:</b> EUR15,000 <b>Project Status:</b> In progress <b>Target Countries:</b> Eastern Europe and Central Asia</p>	<p>EHRA is acting as the strategic partner and fiducial agent of the Eurasian Network of People Using Drugs (ENPUD). EHRA provides financial and administrative support to the program activities of ENPUD including the provision of small grants to community organizations, initiative groups and leaders of the PWUD community to achieve the strategic objectives of ENPUD.</p>

#### IV. Founders of the Institution

2017 m. the Association was founded by three founders: Leonid Vlasenko, Agita Seja and Liudmila Trukhan, who have become members of the Association from registration in the Register of Legal Entities. According to the Association Statute, annual financial Association report shall be approved by the General Meeting of the Association.

#### V. Information on Fixed Assets Acquired by the Institution in the Financial Year

In 2017 the Institution acquired tangible fixed assets valued at 5520 Eur.

Item	Value in EUR
Laptop Lenovo Yoga 720	985
Laptop Lenovo Yoga 720	985
Laptop Lenovo Yoga 720	985
Laptop Lenovo Yoga 720	985
Laptop Lenovo Yoga 720	985
Printer HP Laserjet Pro M521	595
<b>Total</b>	<b>5520</b>

#### VI. Number of employees at the beginning and end of the year

There were 0 employees on 2017.01.01 and 7 employees on 2017.12.31.

Executive Director      Ganna Doybakh



## **Eurasian Harm Reduction Association**

### **AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR 2017**

#### **I. INTRODUCTION**

Provisus UAB has, acting in compliance with the auditing agreement dated 9 March 2018 No. A18/03-02, conducted an audit of the set of financial statements of Eurasian Harm Reduction Association (hereinafter the Association) for 2017, including balance sheet as of 31/12/2017, performance report and explanatory notes of 2017 (hereinafter the annual financial statements). The purpose of the audit is to assess whether the audited financial statements of the Association for 2017 in all material respects provide a true and correct reflection of the financial situation and performance, whether the financial statements were drawn in accordance with the legislation of the Republic of Lithuania governing accounting and drafting financial statements, as well as the rules on drafting and submission of accounting and financial statements of non-for profit legal entities with limited liability. The management of the Association is responsible for accuracy of financial statements produced, while our duty is to make, based on the audit completed, our opinion with respect to these financial statements.

Financial year of the association is calendar year. The financial statements of 2017 include the period from 1 January 2017 to 31 December 2017 (inclusive). Financial statements include details of financial year 2017 only, since the Association was only established in 2017. The financial statements of the Association for 2017 were drawn in accordance with the legislation of the Republic of Lithuania governing accounting and drafting financial statements and the rules on drafting and submission of accounting and financial statements of non-for profit legal entities with limited liability, assuming the Association will function based on the principle of going concern. This assumption implies that the operating period of the Association is unlimited, and no liquidation of the Association is expected.

The audit report contains relevant matters we have found during the audit only, and it discusses relevant matters to the management or supervision of the Association we have found during the audit. Since the planning and performance of the audit of financial statements does not seek identification of all matters pertaining to management or supervision of the association, such matters are not usually identified in course of an audit.

The audit report is intended for the stakeholders and management of the Association, and cannot be used for different purposes.

## **II. SCOPE OF THE AUDIT**

We have conducted the audit in line with the Law on Audit of the Republic of Lithuania, the International Auditing Standards, other legislation of the Republic of Lithuania in effect during the period under review, practices of the company and professional expertise of the auditor, as well as auditing procedures independently selected by the auditor.

International auditing standards require planning and conducting of an audit in a manner giving us sufficient basis to suggest absence of any material distortion of information. The audit has involved tests to examine evidence supporting the values included in the financial statements and their presentation. The audit has assessed the accounting principles in place, material assessments made by the management, as well as overall presentation of financial statements in line with regular procedure.

## **III. DESCRIPTION OF THE REASONS FOR MODIFICATION OF THE AUDITOR'S REPORT**

Our auditor's report dated 20 April 2018 contains an unconditional opinion with respect to the financial statements of the Association for 2017.

## **IV. FINANCIAL STATEMENT AND PROPOSALS FOR IMPROVEMENT**

The accounting policy of the Association has been drawn based on legislation of the Republic of Lithuania governing financial reporting and accountability, as well as the order of the Minister of Finance of the Republic of Lithuania dated 22 November 2004 No. 1K-372, on the rules on drafting and submission of accounting and financial statements of non-for profit legal entities with limited liability (as amended), and other legislation.

## **V. ASSESSMENT OF COMPLIANCE OF THE OPERATING OF THE ASSOCIATION TO THE FINANCIAL REPORTS**

We have found no material discrepancies in the operating report of 2017, as compared to the audited financial statements of the Association for 2017.

## **VI. INTERNAL CONTROL**

The audit has found no material risk or uncertainties liable to affect financial statements. Material lack of internal control refers to conditions where structure or functioning of specific elements of internal control structure does not minimize the risk to a comparatively low level which may result in errors or inaccuracies in amounts material for the financial statements currently audited, and the fact that the

employees carrying out respective functions may fail to observe such errors and inaccuracies. We have found no aspects of structure or functioning of internal control that we believe could be treated as a material lack of internal control system.

**VII. COMMENTS CONCERNING COMPLIANCE WITH SPECIFIC REQUIREMENTS LISTED BY CERTAIN LEGISLATION**

There are no specific requirements applicable to the activities of the Association, as imposed by legislation of the Republic of Lithuania.

**VIII. OTHER MATTERS RELEVANT TO THE MANAGEMENT OF THE ASSOCIATION**

We have not found any fraud or breaches of the legislation of the Republic of Lithuania committed by the management of the Association.

**IX. OTHER MATTERS PROVIDED BY THE AUDITING AGREEMENT**

The auditing agreement dated 9 March 2018 does not refer to any other matters the auditor should focus on in course of the auditing.

Elena Jankevičienė, auditor

Auditor's certificate No. 000097

Kalvarijų g. 98, Vilnius, Republic of Lithuania

Provisus UAB

Auditing company certificate No. 001230

The audit was completed on 20 April 2018

