

With clearly set guidelines, DND/ ensures its resources are delivering the most value to its social mission.



# FINANCIAL STATEMENTS AND AUDIT REPORT

## BALANCE SHEET

AT 31 DECEMBER 2013 (with 2012 comparative figures)

<i>(expressed in EUR)</i>	NOTES	2013	2012
<b>CURRENT ASSETS</b>			
<b>Cash and cash equivalents:</b>			
Cash and banks at head office		8,425,396	10,070,432
Cash and banks at regional offices and affiliate		517,220	275,936
Time deposits		13,067,160	7,735,510
<b>Total cash and cash equivalents</b>		<b>22,009,776</b>	<b>18,081,878</b>
<b>Stocks of drugs</b>	3	<b>189,414</b>	<b>164,173</b>
<b>Current accounts and receivables:</b>			
Advances to officers and liaison offices		73,199	96,393
Receivables from public institutional donors		252,127	1,436,144
Other receivables		1,370,591	1,445,747
Prepaid expenses		429,298	179,818
<b>Total current accounts and receivables</b>		<b>2,125,216</b>	<b>3,158,102</b>
<b>TOTAL CURRENT ASSETS</b>		<b>24,324,406</b>	<b>21,404,153</b>
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets, net	4	48,379	50,985
Bank guarantee deposits		74,160	29,475
<b>Total non-current assets</b>		<b>122,538</b>	<b>80,460</b>
<b>TOTAL</b>		<b>24,446,944</b>	<b>21,484,613</b>
<b>CURRENT LIABILITIES</b>			
Payables		2,339,695	1,615,786
Accrued expenses		1,314,291	1,155,589
Deferred income		10,203,966	8,149,154
Provisions	5	136,558	226,904
<b>Total current liabilities</b>		<b>13,994,511</b>	<b>11,147,433</b>
<b>CAPITAL OF THE ORGANIZATION</b>			
Paid-in capital		32,510	32,510
Restricted operating funds	6	159,846	181,027
Unrestricted operating funds		10,260,077	10,123,643
<b>Total capital of the organization</b>		<b>10,452,433</b>	<b>10,337,180</b>
<b>TOTAL</b>		<b>24,446,944</b>	<b>21,484,613</b>

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31 DECEMBER 2013 (with 2012 comparative figures)

<i>(expressed in EUR)</i>	NOTES	2013	2012
<b>INCOME</b>			
<b>Public institutional funding:</b>			
Govern. & public int. organiz. unrestricted		5,600,067	4,988,767
Govern. & public int. organiz. restricted		12,212,969	11,290,893
<b>Total public institutional funding</b>		<b>17,813,036</b>	<b>16,279,660</b>
<b>Private resources:</b>			
Private foundations, corp. and individuals, unrestricted		507,286	84,481
Private foundations, corp. and individuals, restricted		7,726,668	8,645,004
Royalties on drug sales	6	15,270	26,068
<b>Total private resources</b>		<b>8,249,224</b>	<b>8,755,553</b>
<b>Resources from founders:</b>			
Médecins Sans Frontières, unrestricted		4,556,230	4,146,208
Médecins Sans Frontières, restricted		392,500	603,967
<b>Total resources from Founding Partners</b>		<b>4,948,730</b>	<b>4,750,175</b>
<b>Other income:</b>			
Sundry income & reimbursements		230,666	60,780
<b>Other income net</b>		<b>230,666</b>	<b>60,780</b>
<b>TOTAL INCOME</b>	<b>7</b>	<b>31,241,656</b>	<b>29,846,168</b>
<b>SOCIAL MISSION EXPENDITURE</b>			
<b>Research &amp; development expenditure:</b>			
Research & development coordination and supervision	8	2,656,917	2,584,492
Human African trypanosomiasis projects		5,300,867	3,486,515
Leishmaniasis projects		3,929,291	4,351,392
Chagas disease projects		2,627,175	2,333,031
Other diseases projects (malaria, Filaria, HIV) <sup>(1)</sup>		3,229,498	3,618,911
Lead optimization & Portfolio building <sup>(1)</sup>		5,463,001	6,415,434
<b>Total research &amp; development expenditure</b>		<b>23,206,749</b>	<b>22,789,775</b>
<b>Strengthening capacities</b>	<b>9</b>	<b>1,731,925</b>	<b>1,630,531</b>
<b>Advocacy expenses</b>	<b>10</b>	<b>1,875,887</b>	<b>1,453,622</b>
<b>TOTAL SOCIAL MISSION EXPENDITURE</b>		<b>26,814,561</b>	<b>25,873,928</b>
<b>NON-SOCIAL MISSION EXPENDITURE</b>			
Fundraising	10	1,518,054	1,484,849
General and administration	10	2,677,889	2,537,220
<b>Total non-social mission expenditure</b>		<b>4,195,943</b>	<b>4,022,069</b>
<b>TOTAL EXPENDITURE</b>		<b>31,010,505</b>	<b>29,895,997</b>
Operating surplus / (loss)		231,152	(49,829)
<b>OTHER INCOME (EXPENSES)</b>			
Financial income, net		31,170	4,256
Exchange gain (loss), net		(147,070)	112,709
<b>TOTAL OTHER INCOME (EXPENSES), NET</b>		<b>(115,900)</b>	<b>116,965</b>
Net surplus for the year prior to allocations		115,252	67,136
Release from restricted operating funds	6	21,182	38,861
Allocation to unrestricted operating funds		(136,434)	(105,997)
<b>NET SURPLUS FOR THE YEAR AFTER ALLOCATIONS</b>		<b>-</b>	<b>-</b>

<sup>(1)</sup> Numbers for 2012 may differ from those published in the Annual Report 2012, due to the filaria screening budget (EUR 399,781) having been allocated against 'Lead optimization & Portfolio building' in 2012. In 2013, it was decided to allocate this budget against 'Other diseases projects (malaria, filaria, HIV)'.

**FUNDS FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2013 (with 2012 comparative figures)

<i>(expressed in EUR)</i>	2013	2012
<b>FUNDS FLOW FROM OPERATIONS</b>		
Net surplus for the year, unrestricted	136,434	105,997
Net surplus for the year, restricted	(21,182)	(38,861)
Depreciation of fixed assets	85,304	113,454
Increase (decrease) in provisions	(90,345)	27,557
(Increase) decrease in stocks	(25,241)	(83,376)
(Increase) decrease in advances	23,194	(29,743)
(Increase) decrease in receivables from public institutional donors	1,184,017	1,039,397
(Increase) decrease in other receivables	75,155	(298,360)
(Increase) decrease in prepaid expenses	(249,481)	200,472
Increase (decrease) in payables	723,910	(972,404)
Increase (decrease) in accrued expenses	158,701	396,518
Increase (decrease) in deferred income	2,054,811	(1,928,704)
<b>Funds flow from operations</b>	<b>4,055,278</b>	<b>(1,468,053)</b>
<b>FUNDS FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) decrease of investments in tangible fixed assets	(82,698)	(78,980)
(Increase) decrease in bank guarantee deposits	(44,685)	2,633
<b>Funds flow from investing activities</b>	<b>(127,382)</b>	<b>(76,347)</b>
<b>FUNDS FLOW FROM FINANCING ACTIVITIES</b>		
<b>Funds flow from financing activities</b>	<b>-</b>	<b>-</b>
Cash increase (decrease)	3,927,896	(1,544,400)
Cash and cash equivalents – beginning of year	18,081,878	19,626,278
Cash and cash equivalents – end of year	22,009,774	18,081,878

**STATEMENT OF CHANGES IN CAPITAL**

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(expressed in EUR)</i>	Opening balance	Allocation	Internal fund transfers	Closing balance
Internally generated funds				
Paid-in capital	32,510	-	-	32,510
Surplus for the year	-	115,252	(115,252)	-
Restricted operating funds	181,027	-	(21,182)	159,846
Unrestricted operating funds	10,123,643	-	136,434	10,260,077
Capital of the organization	10,337,180	115,252	0	10,452,433

## NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

### 1 GENERAL INFORMATION

#### a) Legal aspects

The Drugs for Neglected Diseases *initiative* (DNDi) is a Swiss foundation, established as a not-for-profit legal entity, registered in Geneva under statutes dated 17 July 2003. DNDi is managed by a Board, an Executive Director, and seven senior managers.

With its headquarters in Geneva, DNDi aims to:

- stimulate and support research and development of drugs, as well as vaccines and diagnostics for neglected diseases;
- seek equitable access and development of new drugs, to encourage the production of known effective drugs, diagnostic methods and/or vaccines for neglected diseases;
- adapt new treatments for neglected diseases, to meet patients' needs, as well as to meet the requirements of delivery and production capacity in developing countries;
- raise awareness of the need to research and develop drugs for neglected diseases.

DNDi is monitored by the Swiss Federal Supervisory Board for Foundations.

#### b) Income tax

DNDi is exonerated from income tax from the Swiss federal income tax and from the Geneva cantonal and communal taxes for a five-year period commencing 2003, which was renewed in September 2008 for a period of ten years until 2018.

#### c) Situation of Regional Offices (RO)

DNDi has seven **Regional Offices** to help identify patients' needs, support Heads of Disease Programmes, identify and support regional partners, and undertake regional advocacy work for DNDi. These offices, together with regional networks, ensure the participation of disease-endemic countries notably in clinical and post-clinical activities, and foster South-South collaboration. In addition, Regional Offices can explore fundraising opportunities in their regions. Their tasks and duties are further developed in the DNDi Business Plan.

Regional Offices (RO) are usually hosted by a Founding Partner, sometimes at no cost, and are represented by an experienced senior person as the RO Director, bearing a staff or a consultant contract with DNDi. For local or operational reasons, DNDi may deem it necessary to establish the RO as a legal entity, usually a branch of the DNDi Foundation or a corporation, depending on needs, local regulations, and requirements. Establishment of a DNDi legal entity outside Switzerland requires the authorization of the Board.

As of December 2013, DNDi has established legal entities in **Kenya** (2006), in **Brazil** (2008), and in **India** (2009) in the form of branches. The fourth DNDi RO is in Penang, **Malaysia**, and is still in the process of being registered as a branch in the country. Additionally, DNDi has one Project Support Office in the **Democratic Republic of Congo**. RO accounting is fully incorporated into DNDi accounts.

In June 2009, the Board approved the creation of a country support office in **Japan**, under the form of a 'specified non-profit organization', a legal entity registered with the city of Tokyo. DNDi Japan was established in November 2009.

The aim of DNDi Japan is exclusively charitable, and includes but shall not be limited to: assisting people in developing countries who are suffering from tropical diseases and contributing to the health and welfare of people in developing countries by supporting activities of the Drugs for Neglected Diseases *initiative* (DNDi) by promoting medical treatment; encouraging scientific research; and liaising, advising, and assisting entities performing these activities.

DNDi Japan presents an annual report comprising the financial statements of the calendar year. This report is certified by an independent Certified Public Accounting (CPA) firm selected by its Board. Deloitte Touche Tohmatsu LLC Tokyo, Japan performs certain audit procedures on the financial statements of DNDi Japan.

Start-up funding is provided *via* annual grants from DNDi and is accounted for in the DNDi financial statements by combining DNDi Japan accounts following the method of full integration (i.e. all income and expenditures are incorporated in the DNDi financial statements).

DNDi Japan's 2013 financial position as of 31 December 2013 is the following:

- Total liabilities and net assets: JPY 3,416,241, compared with JPY 3,298,377 in 2012.
- Total revenue: JPY 12,892,945 which represents a grant from DNDi to DNDi Japan, compared with JPY 12,004,955 in 2012.
- Of this grant, there is JPY 0 carried forward for 2014, as it was in 2012 for 2013.

Affiliate: Drugs for Neglected Diseases *initiative* **North America, Inc.**, a Delaware not-for-profit corporation exempt from U.S. Federal income taxation pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code (DNDi NA), was established in February 2007. This affiliate is based in New York City, New York, USA, and operates under the Direction of the DNDi NA Board of Directors.

The purposes for which it was formed are exclusively charitable and educational and include conducting activities to support or benefit the Drugs for Neglected Diseases *initiative* (DNDi), such as awarding grants to support programmes, projects, and activities to stimulate and support research and development of drugs for neglected diseases, and raising awareness in the region about the need for increased research and development for neglected diseases.

DNDi NA presents an annual report comprising the financial statements of the calendar year. This report is certified by an independent Certified Public Accounting (CPA) firm selected by its Board of Directors. The firm auditing DNDi NA accounts since 2008 is Tait, Weller & Baker LLP, Philadelphia, Pennsylvania, USA.

Start-up funding is provided *via* annual grants from DNDi and is accounted for in the DNDi financial statements by combining DNDi NA accounts following the method of full integration (i.e. all income and expenditures are incorporated in the DNDi financial statements).

DNDi NA's 2013 financial position as of 31 December 2013 is the following:

- Total liabilities and net assets: USD 163,631, compared with USD 122,134 in 2012.

- Total revenue and other support: USD 2,473,958, (USD 2,347,990 in 2012) of which a total grant from DNDi to DNDi NA, amounting to USD 833,928 (USD 823,010 in 2012) and contributions (unrestricted) from individuals, corporate and private foundations ranging from USD 10 to 1,445,946 for a total of USD 1,640,030 (USD 1,524,745 in 2012). One donor provided approximately 88% of the total contributions, including seed funding for DNDi NA. Total contributors are approximately 120 in 2013 compared to 90 in 2012. In 2013, DNDi NA won a public voting competition: Next Century Innovators Award from the Rockefeller Foundation.
- Total expenses: USD 2,481,901, (USD 2,444,999 in 2012) and an excess of expenses over revenue leading to a reduction of net assets of USD 7,943 (reduction of net asset was USD 97,009 in 2013).

In June 2009, the Board approved the change in legal status of DNDi in Brazil from a branch to a not-for-profit legal entity under the form of 'Associação de direito privado, sem fins lucrativos e de fins não econômicos', DNDi Latin America. The process was completed during the first semester 2010.

Lastly, a legal entity has been set up in France in the form of a not-for-profit association for administrative purposes in September 2004, this legal body is not a Regional Office.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

The financial statements have been prepared in accordance with Swiss GAAP FER. They include:

- Balance sheet
- Statement of operations (activity based method)
- Funds flow statement
- Statement of changes in capital
- Notes, and
- Performance Report.

These financial statements present all activities of the Foundation. A list of in-kind income and expenditures is disclosed in Note 13.

### b) Basis of preparation

The financial statements have been prepared on a historical cost basis. The principal accounting policies are set forth below.

### c) Social mission expenditure

Social mission expenditures represent expenses made according to the purposes defined in Article 5 of the DNDi

statutes. They are defined in the present general notes under point 1.a) Legal aspects. Research & development, strengthening existing capacities, and advocacy are the three chapters that comprise 'social mission expenditure'.

### d) Functional currency

The Board of DNDi has determined that the assets, liabilities, and operations should be measured using EUR as the functional currency. The environment in which the entity primarily generates and expends cash determines this decision. All amounts presented in the financial statements are stated in EUR, except when specified otherwise.

### e) Foreign currency translation

Transactions in currencies other than the entity's measurement and reporting currency (EUR) are converted at the average monthly rates of exchange. Year-end balances in other currencies are converted at the prevailing rates of exchange at the balance sheet date. Resulting exchange differences are recognized in the statement of operations.

The following are the principal rates of exchange used at the end of the year to revalue the balance sheet items to EUR for reporting purposes:

	2013	2012
USD	0.7256	0.7578
CHF	0.8157	0.8282
GBP	1.1996	1.2249
100 CDF	0.0816	0.0828
100 INR	1.1746	1.3831
100 KES	0.8401	0.8862
100 JPY	0.6908	0.8799
100 BRL	30.7257	37.0714

### f) Income

Restricted public and private institutional donations based on annual or multiyear agreements are recorded, over the life of the agreement, as and when the milestones set out in the agreement are achieved.

Unrestricted public and private institutional donations based on annual or multiyear agreements are recorded on an accruals basis over the life of the agreement.

Other donations are recorded on a cash basis.

### g) Funding committed to projects

After Board approval of the annual action plan and budget comprising the approved projects to be funded by DNDi, one or more contracts are drawn up and signed by two Directors, including the Executive Director, the R&D Director, the Discovery & Pre-clinical Director, and/or the Medical Director for important and complex agreements and contracts above EUR 50,000, as detailed in the agreement signature process. Thereafter, funds are allocated to the partner(s) in charge of the project. Expenditures are recorded:

a) according to a financial report presenting expenditures incurred during the year on an accrual basis; or

b) if financial reports are unavailable as per the deadline of March 15 of the following year, an estimated amount is calculated on a *pro rata temporis* basis, based on the time between the contract signing date and December 31. This estimated amount is considered as an accrued expense following Swiss GAAP FER to be regularized in the following year. The unpaid portion remaining at year-end is included under current liabilities.

### h) Expenditures incurred for projects and activities

The annual action plan and budget are approved by the Board. They include funding for projects subcontracted to partners and current expenditures required to achieve the objectives for the year. A budget revision is approved by the Board at mid-year. All expenditures incurred on behalf of a project or for any activity of DNDi are recorded on an accrual basis.

### i) Credit risk, cash-flow management

DNDi's liquid assets are maintained in cash, low-risk short-term deposits or capital guaranteed investments. At the balance sheet dates, there are no significant concentrations of credit risk. The maximum exposure is primarily represented by the carrying amounts of the financial assets in the balance sheet, including accounts receivable and cash.

### j) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the statement of operations on a straight-line basis over the estimated useful lives of the tangible fixed asset items.

The rates of depreciation used are based on the following estimated useful lives:

Office fittings and equipment	20%
IT equipment	33%

### k) Bank guarantee deposits

Guarantees are presented as non-current assets. To date, DNDi has six guarantees representing six deposits related to office rental in Tokyo, New Delhi, and Geneva (office and parking) and deposits for a travel agent and petrol in Kinshasa. In addition, a letter of guarantee pertaining to the Geneva premises is still valid.

It is recoverable, subject to prevailing contract terms, upon vacating the premises.

	Currency	Amount in Currency	Amount in EUR
Guarantee office Geneva and keys	CHF	54,081	44,146
Guarantee office Tokyo	JPY	2,350,000	16,239
Guarantee office New Delhi	INR	630,000	7,403
Guarantee travel agency and petrol Kinshasa	USD	6,500	4,716
<b>Total guarantee</b>			<b>72,504</b>

### l) Provisions

A provision is recognized on the balance sheet when the organization has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the management's best estimates of the expenditure required to settle that obligation at the balance sheet date.

### m) Capital of the organization

The founding capital (paid-in capital) of EUR 32,510 (CHF 50,000) referenced in the statutes was received from the founding members of DNDi, including the Indian Council of Medical Research, the Institut Pasteur, the Kenya Medical Research Institute, and the International Office of Médecins Sans Frontières. The capital is fully paid in.

### n) Restricted and unrestricted reserves

Restricted and unrestricted reserves represent the excess of income over expenditure since the inception of DNDi. Restricted reserves are available to DNDi for future operations and project funding costs as its evolving research and development project pipeline dictates. Unrestricted reserves will be utilized for expenditures of DNDi as incurred.

### o) In-kind donations

Gifts-in-kind are not recorded but disclosed in the notes to the financial statements and valued at fair market values according to the following principles:

Goods transferred to a DNDi project or services rendered to DNDi must be free, excluding the involvement of a monetary transfer.

They must be:

- Clearly identifiable and part of DNDi's projects and activities as defined by DNDi's action plans and budgets.
- Recognizable as a visible contribution to DNDi's projects and activities and in line with DNDi's mission and objectives.
- Partners' voluntary involvements in joint projects and activities, in particular if the partner does not aim to achieve DNDi's project objectives, are not considered as gifts-in-kind.
- For goods or services paid at prices below market prices, the difference between real payment and current market price is not considered as a gift-in-kind, but the current market price reached after negotiations is.
- Fair market value is defined as the price DNDi would have paid to utilize the goods or service. Fair market value can be suggested by partners. However, DNDi will be careful not to overestimate such valuations in compliance with Swiss GAAP FER 3 basic principles of materiality and prudence.
- Gifts-in-kind estimated at EUR 5,000 and above are taken into account. Exceptions can be made by DNDi when it serves the purpose of providing consistency and completeness of a project's accounts.



### 3 DRUG INVENTORY

In 2013, DNDi purchased vials of SSG, AmBisome®, paromomycin, and caps of miltefosine 10mg and 50mg at an estimated value of EUR 205,028 from various partners (IDA Foundation, Gilead, Gland Pharma), for use in the on-going clinical VL trials: SSG&PM combination pharmacovigilance

study, HIV/VL co-infection study, fexinidazole study, and VL implementation study in India. Stocks of SSG, AmBisome®, miltefosine, and paromomycin at an estimated value of EUR 189,414 are stored at clinical trial sites in Ethiopia, Kenya, Sudan, Uganda, Bangladesh, and India.

Countries / drugs	Quantity Vials			Quantity Caps		Total in EUR
	SSG	AmBisome®	Paromomycin	Miltefosine 50mg	Miltefosine 10mg	
India		4,154	5,600	22,331	20,513	106,600
Bangladesh		237	1,910	1,102	952	7,281
Ethiopia	995	1,381	5,065	7,378	1,120	39,862
Kenya	1,249	420	6,126	0	0	20,749
Sudan	425	139	4,150	0	0	9,071
Uganda	300	250	250	0	0	5,850
Total vials/caps	2,969	6,581	23,101	30,811	22,585	
<b>TOTAL IN EUR</b>	<b>20,783</b>	<b>92,134</b>	<b>23,101</b>	<b>30,811</b>	<b>22,585</b>	<b>189,414</b>

SSG cost per vial = EUR 7; AmBisome® cost per vial = USD 18 (EUR 14); Paromomycin & miltefosine are valued at EUR 1 per unit

#### 4 TANGIBLE FIXED ASSETS, net

<i>(expressed in EUR)</i>	Computer Equipment	Office fittings & Installations	Office Equipment	Total
<b>Net carrying amounts 1.1.2012</b>	42,906	14,905	27,649	<b>85,460</b>
<b>Gross values of cost</b>				
Beginning of the period 1.1.2012	304,168	138,525	157,313	<b>600,006</b>
Additions	50,677	23,314	4,989	<b>78,980</b>
Disposals				<b>0</b>
End of the period 31.12.2012	354,845	161,839	162,302	<b>678,986</b>
<b>Accumulated amortization</b>				
Beginning of the period 1.1.2012	(261,262)	(123,620)	(129,664)	<b>(514,546)</b>
Change of the year	(49,383)	(28,852)	(35,390)	<b>(113,625)</b>
Non-systematic amortization		(2,583)	2,753	<b>170</b>
End of the period 31.12.2012	(310,645)	(155,055)	(162,301)	<b>(628,001)</b>
<b>NET CARRYING AMOUNTS 31.12.2012</b>	<b>44,200</b>	<b>6,784</b>	<b>1</b>	<b>50,985</b>
<b>Net carrying amounts 1.1.2013</b>	44,200	6,784	1	<b>50,985</b>
<b>Gross values of cost</b>				
Beginning of the period 1.1.2013	354,845	161,839	162,302	<b>678,986</b>
Additions	66,946	5,528	10,224	<b>82,698</b>
Disposals				<b>0</b>
End of the period 31.12.2013	421,791	167,367	172,526	<b>761,684</b>
<b>Accumulated amortization</b>				
Beginning of the period 1.1.2013	(310,645)	(155,055)	(162,301)	<b>(628,001)</b>
Change of the year	(64,293)	(10,788)	(14,639)	<b>(85,304)</b>
Non systematic amortization <sup>(1)</sup>			4,415	<b>4,415</b>
End of the period 31.12.2013	(374,398)	(165,843)	(172,525)	<b>(713,305)</b>
<b>NET CARRYING AMOUNTS 31.12.2013</b>	<b>46,854</b>	<b>1,524</b>	<b>1</b>	<b>48,379</b>

(1) Notably correction for impact of foreign exchange rates EUR/CHF on valuation of office furniture in CHF.

## 5 PROVISIONS

<i>(expressed in EUR)</i>	Provision for taxes	Provision for HR expenses (holidays not taken)	Provision for running expenses (other)	Total
<b>Carrying period as per 1.1.2012</b>	113,024	76,548	9,776	199,348
Creation		108,270		108,270
Utilization		(73,815)	(6,899)	(80,714)
Reversal	-	-	-	-
<b>CARRYING PERIOD AS PER 31.12.2012</b>	<b>113,024</b>	<b>111,003</b>	<b>2,877</b>	<b>226,904</b>
<b>Carrying period as per 1.1.2013</b>	113,024	111,003	2,877	226,904
Creation		136,558		136,558
Utilization		(108,270)		(108,270)
Reversal	(113,024)	(2,733)	(2,877)	(118,634)
<b>CARRYING PERIOD AS PER 31.12.2013</b>	<b>0</b>	<b>136,558</b>	<b>0</b>	<b>136,558</b>

## 6 ROYALTIES

In December 2004, DNDi signed an agreement with Sanofi, a pharmaceutical company, pertaining to the implementation of co-formulation treatments of artesunate + amodiaquine (ASAQ) against malaria, developed originally by DNDi together with Sanofi. Article VI of the contract states that 3% royalties resulting from net sales of this drug, whose brand name is Coarsucam®, to the private sector in developing countries are to be paid to DNDi.

DNDi has decided to allocate this money to supporting pharmacovigilance projects or activities such as the implementation of the ASAQ treatment in developing countries, notably in Africa.

The 3% royalties on the 2012 sales of Coarsucam® amounting to EUR 15,270 have been allocated entirely to the ASAQ pharmacovigilance project in Africa.

The total costs of this project in 2013 amount to EUR 36,452. The balance of EUR 21,182 was taken from the 'Restricted operating fund', which is used for collaborative projects for observational studies and other access-related expenses in Africa and in Asia for ASAQ treatment. After the 2013 utilization, the total amount of the restricted fund amounts to EUR 159,846 as per 31 December 2013.

## 7 INCOME

### a) Cumulative donations committed to DNDi and/or received by 2013 (in EUR)

DONORS	Currency	Total Commitment in currencies <sup>(5)</sup>	Total Commitment in EUR <sup>(5)</sup>	As per Statement of Operations 2013 in EUR	To be used after 2013 in EUR
UK Government DFID <sup>(1)</sup>	GBP	61,389,550	73,680,788	6,600,724	30,629,951
Médecins Sans Frontières	EUR	65,787,920	65,787,920	4,948,730	20,009,402
Bill & Melinda Gates Foundation	USD	61,369,593	45,221,298	5,468,721	7,263,602
Dutch Government DGIS	EUR	16,975,000	16,975,000	4,000,000	4,000,000
French Government MAEE / AFD <sup>(2)</sup>	EUR	14,255,000	14,255,000	1,010,282	3,799,387
UNITAID	USD	17,335,304	13,069,923	607,253	12,462,670
Spanish Government AECID	EUR	12,000,000	12,000,000	-	-
Swiss Government SDC <sup>(3)</sup>	CHF	13,020,000	10,456,423	2,288,782	4,884,650
German Government <sup>(4)</sup>	EUR	9,000,000	9,000,000	2,000,000	3,598,561
European Union, FP5, FP6, FP7, EDCTP	EUR	4,413,112	4,413,112	414,152	2,736,822
Wellcome Trust UK	EUR/USD	4,999,801	4,264,425	1,185,117	1,275,360
Medicor Foundation	EUR/USD	2,519,424	2,327,821	376,751	-
USA Government NIH/NIAID	USD	2,488,363	1,844,751	132,433	249,315
Norwegian Government	NOK	15,000,000	1,800,000	592,698	1,207,302
Canton of Geneva	CHF	2,100,000	1,527,944	135,175	273,734
UBS Optimus Foundation	CHF	2,000,000	1,400,567	196,688	412,834
Various other donors (ARPE Foundation, foundation NA, individual NA, royalties, Stover, Brian Mercer Charitable Trust)	EUR/GBP	693,288	698,899	105,831	45,533
Sasakawa Peace Foundation, Tuscany Region, and others	EUR	611,396	611,396	-	-
Global Fund (AMFm)	EUR	532,809	532,809	-	-
Sandoz Family Foundation & anonymous donation	CHF	701,229	446,808	-	-
BBVA	EUR	400,000	400,000	400,000	-
Starr International Foundation	USD	500,000	370,446	76,060	73,520
MoH Brazil	BRL	995,000	364,893	31,537	333,356
Moreau Family	BRL	1,000,000	329,030	329,030	-
Rockefeller Foundation & Carlos Slim Foundation	USD	200,000	49,713	111,025	38,688
GHIT	USD	158,722	119,731	-	119,731
<b>TOTAL DONATIONS (EUR)</b>			<b>282,048,697</b>	<b>31,010,990</b>	<b>93,414,418</b>

(1) The UK Government, DFID, funded DNDi with 6 grants. A first unrestricted grant of GBP 6.5 million in 2006 for the period 2006-2008; a second unrestricted grant of GBP 18 million in 2009 for the period 2009-2013; a third restricted grant of GBP 1,381,529 in 2010 for the period 2010-2011; a fourth restricted grant of GBP 2 million in 2011 for 2011; a fifth restricted grant of GBP 3.5 million in 2012 for the period 2011-2013; and a sixth unrestricted grant of GBP 30 million for the period 2013-2018.

(2) The French Government, Ministry of Foreign and European Affairs, funded DNDi with 5 portfolio grants. From the MAEE: EUR 5.955 million in April 2007 for the period 2007-2010; from the MAEE: EUR 1.3 million in December 2009 for the period 2009-2011; from the AFD: EUR 1.5 million in June 2006 for the period 2006-2008; from the AFD: EUR 0.5 million in December 2009 for the period 2009-2010; and from the AFD: EUR 5 million in November 2012 for the period 2012-2017.

(3) The Swiss Government, SDC, funded DNDi with 4 grants. A first restricted grant of CHF 0.12 million in 2008 for the period 2008-2009; a second unrestricted grant of CHF 4 million in 2010 for the period 2010-2012; a third restricted grant of CHF 0.9 million in 2012 for period November 2012 to November 2013; and a fourth unrestricted grant of CHF 8 million in 2013 for the period 2013 to 2016.

(4) The German Government funded DNDi with 2 portfolio grants. From the GIZ: EUR 1 million for the period 2008-2009; and from the BMBF through KfW: EUR 8 million in November 2011 for the period 2011-2015.

(5) Exchange rates used for 'Total Commitment in EUR' and 'As per Statement of Operations 2013' are real exchange rates following the DNDi exchange rate policy. Exchange rates used for 'To be used after 2013' appear in EUR at the USD/EUR, CHF/EUR, and GBP/EUR exchange rates as per 31.12.2013 (see note 2). 'Total Donations' therefore yield an approximate value as exchange will vary over time.

## b) Funding per project (restricted and unrestricted)

Operational Income (Grand TOTAL = 31,241,656) <i>(expressed in EUR)</i>										
	UK Government DFID <sup>(1)</sup> (Unrestricted)	French Government AFD (Restricted)	Dutch Government DGIS (Restricted)	German Government KfW-BMBF (Restricted)	Norwegian Government (Restricted) <sup>(2)</sup>	UNITAID (Restricted) <sup>(3)</sup>	United States Government NIH (Restricted)	Switzerland SDC (Restricted/Unrestricted) <sup>(4)</sup>	Switzerland Canton of Geneva (Restricted)	
<b>Implementation &amp; Development</b>	FACT (ASAQ & ASMQ fixed-dose) for Malaria	77,505	189,308					575,675		
	Nifurtimox + Eflornithine co-administration (NECT) for stage 2 HAT	12,351	58,156					56,946		
	New VL treatments (Asia, Africa, SSG & PM, Latin America; co infection HIV/VL)	99,977		933,173	90,385			94,050		
	Fexinidazole for HAT		474,199			190,747			73,877	
	Benznidazole Paediatric dosage form for Chagas			17,124						
<b>Translation</b>	Nitroimidazole VL-2098 [& back-up] for VL	287,148		37,499	31,070					
	Flubendazole Macrofilaricide for Filaria									
	Fexinidazole for VL	50,000			24,047			91,504		
	Fexinidazole for Chagas	6,419			90,000					
	Oxaborole SCYX-7158 for HAT (Preclinical until 2011)	164,777		251,053	601,270	337,364		91,930		
	Azoles E1224 & Biomarkers for Chagas	82,722		268,928						
	Anfoleish for CL (Exploratory until 2011)	441,618								
	Paediatric HIV: PI sprinkles CHAPAS-2 & super boosting TB/HIV (Preclinical until 2011)		115,248				460,536			
K777 for Chagas							122,995			
<b>Research</b>	Lead Optimization Consortia (for VL, Chagas, and HAT), including Fenarimol series and Nitroimidazole & Oxaborole back-ups	1,426,115		1,508,282	373,039			502,730		
	Discovery & Exploratory Kinetoplastids	156,031		67,148	308,999					
	Filariasis Screening				31,141					
	R&D Coordination, Supervision costs	763,480	16,329	578,219	155,414		48,421	6,753	323,940	
	HAT, LEAP & Chagas Platforms	60,670	52,529	142,069	127,702	27,238			40,497	45,669
	Other Strengthening Capacity activities	833,859							35,823	
	Advocacy	924,906	895				8,501		260,087	
	Fundraising	533,740	8,938	27,016	31,301	2,916	27,760		19,516	
	General Management	679,407	86,714	169,489	135,631	34,434	62,035	2,685	196,083	15,630
	Net surplus allocated to unrestricted funds		7,967							
<b>TOTAL INCOME =</b>	<b>6,600,724</b>	<b>1,010,282</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>592,698</b>	<b>607,253</b>	<b>132,433</b>	<b>2,288,782</b>	<b>135,175</b>	

(1) UK Government, DFID: 1) an unrestricted grant of EUR 5,600,067; 2) an exceptional unrestricted grant of EUR 1,000,657 covering the period from January to March 2013 only. (2) Norwegian Government, NORAD: restricted multiyear grant started as of August 2013 with an amount of EUR 592,698 for the HAT programme. (3) UNITAID: restricted multiyear grant started as of June 2013 with an amount of EUR 607,253 for the Paediatric HIV programme. (4) Swiss Government, SDC: 1) an unrestricted grant of EUR 1,626,166; and 2) a one-year restricted grant of EUR 662,616 which ended in November 2013 for the FACT malaria programme. (5) European Union, FP7: restricted multiyear grant started as of January 2013 with an amount of EUR 315,684 for the New VL Treatment in Africa project. (6) European Union, EDCTP: multiyear restricted grant of EUR 98,468 with an extension until April 2014. (7) EB&M Gates Foundation, includes five restricted grants: 1) EUR 2,799,916 for the fexinidazole for HAT project; 2) EUR 1,171,407 for new VL Treatments in Asia project; 3) EUR 497,602 for flubendazole macrofilaricide for the filarial programme; and 4) EUR 314,225 for the NTD screening programme which ended in April 2013, amended in May with a supplemental grant covering the period May 2013 to July 2014, amounting to EUR 685,571 in 2014. (8) MSF: 1) a multiyear unrestricted grant of EUR 2,556,230; 2) an exceptional unrestricted grant of EUR

	European Union EU FP7 (Restricted) <sup>(5)</sup>	European Union EDCTP (Restricted) <sup>(6)</sup>	Bill & Melinda Gates Foundation (Restricted) <sup>(7)</sup>	Médecins Sans Frontières (Restricted/Unrestricted) <sup>(8)</sup>	UBS OPTIMUS (Restricted) <sup>(9)</sup>	Wellcome Trust (Restricted) <sup>(10)</sup>	Medicor Foundation (Restricted)	Foundations & Other (Restricted/Unrestricted) <sup>(11)</sup>	Royalties on drug sales <sup>(12)</sup>	Financial income (Net) =	Utilization of restricted reserves	TOTAL Expenditure = 31,010,505
		94,325		73,679				24,095	15,270		21,182	1,071,039
				11,192								138,645
	258,627		963,168	7,206			138,088	114,112				2,698,786
			2,477,613					13,246				3,229,682
								93,825				110,949
												355,717
			311,988									311,988
				59,922			101,248	58,308				385,029
				34,878				3,120				134,417
				362,433				123,714				1,932,540
				539,798		1,185,117		179,887				2,256,452
				4,260				43,881				489,759
				331,933	178,777							1,086,495
								2,361				125,356
			2,279	554,437				9,149				4,376,032
			65,071	489,302				419				1,086,970
			716,868					11,967				759,977
			313,661	449,669				1,032				2,656,918
	4,400			105,656			29,980	68,062				704,471
			3,926	41,923			64,382	47,540				1,027,454
	6,195		18,209	552,122			5,728	99,245				1,875,887
	6,881	3,051	182,183	552,367			15,334	107,051				1,518,054
	39,581	1,092	413,755	533,587	17,911		21,991	267,864				2,677,889
				244,366						-115,900	-21,182	115,252
	<b>315,684</b>	<b>98,468</b>	<b>5,468,721</b>	<b>4,948,730</b>	<b>196,688</b>	<b>1,185,117</b>	<b>376,751</b>	<b>1,268,879</b>	<b>15,270</b>	<b>-115,900</b>	<b>0</b>	<b>31,125,757</b>

2,000,000 3) a restricted grant of EUR 392,500 for the Paediatric HIV programme. (9) MUBS Foundation: restricted multiyear grant started as of June 2013 with an amount of EUR 196,688 for the Paediatric HIV programme. (10) Wellcome Trust: 1) a restricted multiyear grant amounting to EUR 316,306 for the Azoles E1224 project for Chagas disease, which ended in December 2013; and 2) a restricted multiyear grant of EUR 868,811 for biomarkers for Chagas disease. (11) Private Foundations: BBVA Foundation (EUR 400,000); ARPE Foundation (EUR 8,111); Rockefeller Foundation (EUR 36,802); Starr Foundation (EUR 76,060); Brazilian Ministry of Health (EUR 31,537); Moreau Family (EUR 329,030); Carlo Slim Foundation (EUR 74,223); Brian Mercer Charitable Trust (EUR 11,967); various individual donations (EUR 70,483), of which EUR 69,541 came from North America and EUR 942 from Europe. In addition, DNDi in Geneva has collected various reimbursements and participation of partners all along the year for a total of EUR 88,501, plus exceptional incomes for the year for a total of EUR 142,165. (12) Royalties from Sanofi for EUR 15,270 earmarked for a monitoring study on pharmacovigilance of ASAQ (see note 6). The restricted operating fund has been partially used (EUR 21,182) to fund and support the total expenditure attached to this project (EUR 36,452).

## 8 EXPENDITURE

### a) R&D projects related expenditure

<i>Recognized in (expressed in EUR)</i>	<b>2013</b>	<b>2012</b>
<b>IMPLEMENTATION PROJECTS</b>		
ASAQ Fixed-dose Artesunate-Amodiaquine (Malaria) <sup>[1]</sup>	244,894	812,945
ASMQ Fixed-dose Artesunate-Mefloquine (Malaria) <sup>[2]</sup>	826,145	1,069,475
NECT Nifurtimox-Eflornithine Combination Therapy for stage 2 (HAT) <sup>[3]</sup>	138,645	206,297
SSG & Paromomycin Combination Therapy for VL in Africa <sup>[4]</sup>	315,411	206,472
New VL treatments in Asia <sup>[5]</sup>	701,945	1,244,486
Paediatric Benznidazole (Chagas) <sup>[6]</sup>	110,949	466,849
<b>TOTAL IMPLEMENTATION PROJECTS</b>	<b>2,337,989</b>	<b>4,006,524</b>
<b>DEVELOPMENT PROJECTS (PHASE IIB/III; REGISTRATION)</b>		
Fexinidazole for (HAT) <sup>[7]</sup>	3,229,681	2,530,426
New VL treatments for Bangladesh <sup>[5]</sup>	261,223	341,146
New VL treatments in Africa <sup>[4]</sup>	1,011,050	1,187,533
New VL treatments in Latin America	104,590	132,389
Co-infection HIV/VL <sup>[8]</sup>	304,568	264,768
<b>TOTAL DEVELOPMENT PROJECTS</b>	<b>4,911,112</b>	<b>4,456,262</b>
<b>TRANSLATION PROJECTS (PRE-CLINICAL; PHASE I; PHASE IIA/POC)</b>		
Fexinidazole for Chagas <sup>[13]</sup>	134,417	0
Oxaborole SCYX-7158 (HAT) <sup>[9]</sup>	1,932,540	749,792
Fexinidazole for (VL) <sup>[10]</sup>	385,029	70,054
Anfoleish (CL) <sup>[11]</sup>	489,759	511,067
Azoles E1224 (Chagas) <sup>[12]</sup>	1,172,426	1,152,260
Biomarkers (Chagas) <sup>[12]</sup>	1,084,027	459,451
Fenarimol (Chagas)	0	45,971
Paediatric HIV ('4 in 1' LPV/r based fixed-dose combination & Superboosting TB/HIV) <sup>[14]</sup>	1,086,495	764,473
Alternative formulations of Amphotericin B (VL)	0	146,545
Nitroimidazole (VL-2098) <sup>[16]</sup>	355,717	246,932
K777 for Chagas <sup>[17]</sup>	125,356	208,500
Flubendazole macrofilaricide (Filaria) <sup>[18]</sup>	311,988	572,237
<b>TOTAL TRANSLATION PROJECTS</b>	<b>7,077,754</b>	<b>4,927,283</b>
<b>RESEARCH PROJECTS (SCREENING; HIT-TO-LEAD; LEAD OPTIMIZATION)</b>		
Lead Optimization Consortia <sup>[19]</sup>	4,376,032	5,360,049
Screening Resources & Reference Screening Centres <sup>[20]</sup>	1,086,970	1,055,385
Screening Filaria <sup>[21]</sup>	759,976	399,781
<b>TOTAL RESEARCH PROJECTS</b>	<b>6,222,978</b>	<b>6,815,215</b>
<b>Project-related variable expenditure</b>		
Coordination & Supervision <sup>[22]</sup>	2,656,917	2,584,492
<b>TOTAL OF PROJECTS RELATED EXPENDITURE</b>	<b>23,206,749</b>	<b>22,789,775</b>

## MAIN R&D PARTNERS & SUB-CONTRACTORS

### Partners and service providers with financial compensation above EUR 5,000 in 2013 were

**(1)** Sanofi, France / Epicentre, France / AEDES, Belgium / Zenufa, Tanzania / Bertin Pharma, France

**(2)** National Institute of Medical Research, Tanzania / Catalent, UK / CNRPF, Burkina Faso / KEMRI, Kenya / Ifakara, Tanzania / Epicentre, France / Cardinal Systems, France / Centre Hospitalier Universitaire Vaudois (CHUV), Switzerland

**(3)** PNLTHA, Democratic Republic of Congo / Swiss Tropical and Public Health Institute (Swiss TPH) / HAT Platform partners (PNLTHA, Republic of the Congo; TMRI, Sudan; ICCT, Angola; COCTU, Uganda; PNLTHA Central African Republic; PNLTHA, Chad) / RCTS, France

**(4)** Kenya Medical Research Institute, Kenya / Institute of Endemic Diseases (IEND) and University of Khartoum, Sudan / Addis Ababa University, Ethiopia / University of Makerere, Uganda / Amudat Hospital, Uganda / LSHTM, UK / IDA Foundation, The Netherlands / i+solutions, The Netherlands

**(5)** MSF-Logistique, France / Gilead, Ireland / WHO-TDR, Switzerland / OneWorld Health (OWH/PATH), USA / Médecins Sans Frontières / GVK Biosciences, India / Shaheed Surawhady Medical College Hospital (SHSMC), Bangladesh / International Centre for Diarrhoeal Disease Research (ICDDR), Bangladesh / Rajendra Memorial Research Institute of Medical Sciences (RMRI), India / Gland Pharma, The Netherlands

**(6)** LAT Research, Argentina / F.I.P.E.C. Argentina / Appledown, UK

**(7)** Sanofi, France / Swiss TPH / HAT Platform partners (see point 3 above) / Aptuit, UK / SGS, Belgium and France / Vanga CBCO Clinic, DRC / Médecins Sans Frontières / MSF-Logistique, France / Bertin Pharma, France / Institute of Tropical Medicine-Antwerp, Belgium / Cardiabase, France / PhinC Development, France / Cardinal Systems, France / INRB, RDC

**(8)** Gondar University, Ethiopia / Addis Ababa University, Ethiopia / Institut Tropical Medicine (ITM), Belgium / MSF Supply, Belgium

**(9)** SCYNEXIS, USA / Drugabilis, France / Penn Pharma, UK / SGS, Belgium & France / Cardiabase, France / Patheon, UK / Wuxi, China / Bertin Pharma, France / Accelera, Italy / Eurofins Optimed, France

**(10)** Bertin Pharma, France / SGS, Belgium and France / Cardiabase, France

**(11)** PECET Universidad de Antioquia, Colombia / LATAM, USA / JSS, Canada / CECIF, Colombia

**(12)** Barcelona Center for International Health Research (CRESIB), Spain / CEADES, Bolivia / Texas Biomedical Research Institute, USA / Fundep + René Rachou Institute, Brazil / McGill University, Canada / University of Georgia, USA / Fundacion Ingebi, Argentina / Appledown, UK / Corlab Partners, USA / Cardinal Systems, France / PhinC Development, France / Fundacion Instituto De Biologica Y Medicinal, Argentina / Núcleo de Desenvolvimento Farmacêutico e Cosmético (NUDFAC), Brazil

**(13)** Aptuit Verona, Italy / Sanofi, France

**(14)** WuXi AppTech, China / Medical Research Council (MRC), UK / CIPLA, India / University of Stellenbosch, South Africa / Associated Medical Sciences, Thailand / Institut Necker, France / PhinC Development, France

**(16)** Advinus Therapeutics, India / Huntingdon, USA / APTUIT, UK / SELCIA, UK

**(17)** Harlan Laboratories, Switzerland / University of California, USA

**(18)** University Hospital of Bonn, Germany / Michigan State University, USA

**(19)** Epichem Pty Ltd, Australia / Murdoch University, Australia / Monash University, Australia / WuXi AppTech, China / Pace University, USA / LSHTM, UK / iThemba Pharma, South Africa / Antwerp University, Belgium / Sandexis, UK / STA Pharmaceutical Hong Kong Ltd, China / Griffith University, Australia / Covance, UK / Argenta Discovery 2009 Ltd, UK / Centro Nacional de Energia em Energia e Materiais (CNPEM), Brazil

**(20)** Swiss TPH, Switzerland / University of Antwerp, Belgium / GlaxoSmithKline (GSK-Tres Cantos), Spain / IPK, South Korea / Dundee University, UK / eMolecules Inc., USA

**(21)** MicroSource Discovery Systems Inc., USA / Northwick Park Institute for Medical Research (NPIMR), UK / Swiss TPH / WuXi AppTec, China / University Hospital of Bonn, Germany / Drugabilis, France

**(22)** R&D Coordination & Supervision: Sunnikan, UK / Petry Medical, France / Altenburger, Switzerland

### Breakdown of R&D coordination expenditure per activities

(expressed in EUR)	2013	2012
Coordination	1,703,404	1,651,256
Scientific Advisory Committee	93,269	120,403
Business Development	668,082	589,818
Japan representation office	192,162	223,015
<b>TOTAL</b>	<b>2,656,917</b>	<b>2,584,492</b>

### CONSULTANTS AND PROJECT STAFF INVOLVED IN R&D PROJECTS

Amuasi, John; Anis, Rassi; Ansong, Daniel; Bacchi, Cyrus; Benton, Marcus; Bern, Caryn; Bessis, Anne-Sophie; den Boer, Margriet; Bordbar, Céline; de Borges, Marinei; Bournissen, Facundo Garcia; Bray, Mike; Campbell, Simon; Carneio, Valentina; Chagas, Francisca; Chang, Shing; Chappuis, François; Cimanga, Dieudonne; Couderc, Monique; Devi, Sita Ratna; Dinanga Muzadi, Joses; Dormeyer, Matthias; dour Mbayen, Dèye Maimouna; Drapeau, Guillaume; Duck, Jeff; Etienne, Paula; Evans, Dean; Fernandes, Jayme; Frenche, Dward; Gardner, Mark; Ghabri, Salah; Goncalves, Luciana; Horton, Richard; Hudson, Alan; Kummerle, Andrea; Last, Paul; Levin, Leon; Martin, Denis; Mazué, Guy; Mechali, Daniel; Mestra, Laureano; Modabber, Farrokh; Montezuma, Juliana; Mutombo Kalondji, Wilfried; Naim, Jennifer; Naimi, Amir; Oliveira, Ana Luisa; O'Reilly, Terry; Parkinson, Tanya; Pedrique, Belén; Pouit, Sylvie; Praciano, Claudenia; Rosenkranz, Bernd; Scherrer, Bruno; Schijmann, Alejandro; Schneider, Manfred; Seltzer Aci, Jonathan; Silva, Rosangela; Smith, Dennis; Solomos, Alexandra; Sosa Estani, Sergio; Speed, Bill; Tadoori, Leela Pavan; Tamiris, Pamela; Taylor, Bob; Thenot, Jean-Paul; Tweats, David; Vaillant, Michel; Vanraes, Joelle; Von Geldern, Thomas; Walmsley, Andrea; Westwick, John; Williams, Mike; Zawadi, Fifi; Zijlstra, Eduard; Zwang, Julien.



## b) Presentation of DNDi expenditures per nature of expenses

<i>Recognized in (expressed in EUR)</i>	2013	2012
<b>PERSONNEL</b>		
Personnel at headquarters	7,237,139	6,744,482
Personnel at regional offices	2,053,184	2,012,990
Consultant	1,673,558	1,812,230
Travel and accommodation	1,207,433	1,353,807
<b>TOTAL PERSONNEL</b>	<b>12,171,314</b>	<b>11,923,509</b>
<b>OPERATIONAL R&amp;D</b>		
Purchase & logistics	734,297	920,912
Equipment	344,241	253,032
Discovery & Lead Optimization (partners & services)	5,257,020	6,043,795
Pre-clinical (partners & services)	1,424,967	1,091,235
Training for partners	89,956	132,861
Clinical & post-clinical (partners & services)	6,728,740	5,511,870
Product manufacturing & CMC (partners & services)	522,554	690,396
<b>TOTAL OPERATIONAL R&amp;D</b>	<b>15,101,774</b>	<b>14,644,101</b>
<b>OTHER</b>		
Communication (tools, meetings, production of documents)	1,305,394	1,099,561
Administration & IT (depreciation, furniture, service providers)	2,432,023	2,228,826
<b>TOTAL OTHER</b>	<b>3,737,417</b>	<b>3,328,387</b>
<b>GRAND TOTAL</b>	<b>31,010,505</b>	<b>29,895,997</b>

## 9 STRENGTHENING CAPACITIES EXPENDITURE

DNDi expenditures on strengthening existing capacities in developing countries aim to:

- build networks around specific projects between researchers from developing and developed countries;
- establish working partnerships, including technology transfers, with public and private institutions, and researchers from developing and developed countries; and
- invest in sustainable capacity and leadership in developing countries at all stages of research and development.

<i>(expressed in EUR)</i>	2013	2012
Regional Offices, manage. costs: Rio, Delhi, Nairobi, Penang	1,027,453	938,413
Leishmaniasis East Africa Platform (LEAP)	181,528	174,309
Human African Trypanosomiasis (HAT) Platform	290,366	253,578
Chagas Clinical Research Platform	176,318	182,147
LeishDNAvax Consortium Agreement	-	82,084
Exceptional expenditure (HAT Platform)	56,260	-
<b>TOTAL</b>	<b>1,731,925</b>	<b>1,630,531</b>

*For partners, see page 51, related to key financial performance indicators for strengthening existing capacities.*

## 10 ADVOCACY, FUNDRAISING AND GENERAL & ADMINISTRATION EXPENSES

<i>(expressed in EUR)</i>	Advocacy		Fundraising		General & Administration	
	2013	2012	2013	2012	2013	2012
Human resources	1,143,122	904,841	1,204,755	1,191,778	1,586,919	1,570,746
Office charges	43,524	41,752	80,757	72,565	108,811	121,081
Travel expenses	67,530	73,381	86,297	70,691	141,019	168,220
Administration	45,859	41,133	60,170	91,748	279,486	191,623
IT & telecommunications	34,296	55,215	32,062	29,144	436,694	358,324
Communication	529,761	319,171	20,498	16,443	106,408	85,109
Depreciation	8,972	11,345	10,766	12,480	18,015	32,902
Exceptional expenses	2,823	6,784	22,749	0	537	9,215
<b>TOTAL</b>	<b>1,875,887</b>	<b>1,453,622</b>	<b>1,518,054</b>	<b>1,484,849</b>	<b>2,677,889</b>	<b>2,537,220</b>

**Consultants and project staff:** Alinauskas, Karen Ann; Bolton, Samantha; Castillo, Cecilia; Childs, Michelle; Crestin, Charlotte; Davies, Stephanie; Drinker Biddle Reath; Fiore, Valéria; Forza, DJ; Goel, Sunil Prakash; Lucas Subirats, Marta; Matsudaira, Masako; Pepe, Maria; Rouijel, Fatima; Sarumar, Michiko; Schermutzki, Pierre; t' Hoen, Ellen; Vieira, Marcela.

## 11 INDEMNITIES & REMUNERATIONS GIVEN TO BOARD MEMBERS

All members of the Board are appointed on a voluntary basis. The Board members have received no remuneration for their mandate in 2013, nor in 2012.

## 12 ASSETS PLEDGED AS GUARANTEE FOR COMMITMENTS

At year end, a bank of the Foundation had provided two rental letters of guaranty of CHF 70,000 (EUR 56,777) and CHF 20,000 (EUR 16,222) in favour of a third party. Cash for an equivalent amount is pledged at the corresponding bank.

## 13 CONTRIBUTIONS IN-KIND

The Drugs for Neglected Diseases *initiative* (DNDi) operations are funded through financial contributions and donations. In addition to financial funding, generous partners, private companies, academic groups, and individuals provide DNDi with goods and services at no cost as gifts-in-kind (see note 20, DNDi In-Kind Policy). DNDi aims at reflecting this contribution in the 2013 financial statements in order to present a comprehensive picture of its activities. The in-kind contribution of DNDi partners increased between 2012 and 2013 from EUR 5,750,232 in 2012 to EUR 7,352,524 in 2013. This is mainly related to the development of a formulation for flubendazole macrofilaricide for the filarial programme (+EUR 4.1 M).

### Gifts-in-kind evaluated for the year 2013 per category and per project:

<i>(expressed in EUR)</i>	Staff Scientific	Staff non-Scientific	R&D Services	Office, furniture & admin.	Total
Lead Optimization Consortia (Australia)	35,561	91,183		93,605	220,349
Anfoleish (CL)	6,035	18,104	59,291		83,430
Screening Resources & Reference Screening Centres	414,950		112,051	102,243	629,244
Flubendazole Macrofilaricide (Filaria)	4,001,574			414,373	4,415,947
Regional Offices	69,438	28,013	2,461	20,477	120,389
New VL treatments: Africa, Asia, America	299,665	95,941	13,345	10,232	419,183
ASMQ Fixed-dose Artesunate - Mefloquine (Malaria)	176	1,058	5,291		6,526
Paediatric HIV ('4-in-1' LPV/r-based fixed-dose combination)	116,430		89,924		206,353
Azoles E1224 (Chagas)	1,185,189	20,149	45,765		1,251,103
<b>TOTAL</b>	<b>6,129,018</b>	<b>254,448</b>	<b>328,129</b>	<b>640,930</b>	<b>7,352,524</b>

**Main in-kind contributors:** ARC-Australian Research Council, Australia; Astellas Pharma, Japan; Cipla, India; CNPq-Brasilia University, Brazil; Eisai Ltd, Japan; FIOCRUZ, Brazil; GSK, France; Humax Parma, Colombia; IDEC Inc., Japan; Janssen Pharmaceutical Companies of Johnson & Johnson, Belgium; KEMRI, Kenya; Ministry of Health, Malaysia; Monash University, Australia; Sanofi, France; Saran District Hospital, India; Tait Weller & Baker, USA; University Federal Ouro Preto, Brazil; University of Dundee, UK; University of Tokyo, Japan.

*DNDi wishes to thank Barbara Kessler for her pro bono contribution as a member of the Audit Committee.*

# REPORT OF THE STATUTORY AUDITOR



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## Report of the Statutory Auditor

To the Board of  
**DRUGS FOR NEGLECTED DISEASES INITIATIVE (DNDi), Geneva**

### Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Drugs for Neglected Diseases initiative (DNDi), which comprise the balance sheet as at 31 December 2013, statement of operations, funds flow statement, statement of changes in capital and notes, presented on pages 57 to 73, for the year then ended. In accordance with Swiss GAAP FER 21, the content of the performance report presented on pages 5 to 55 is not audited.

#### *Board's Responsibility*

The Board is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the charter of the foundation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit, Fiscalité, Conseil, Corporate Finance,  
Member of Deloitte Touche Tohmatsu Limited



Drugs for Neglected Diseases initiative (DNDi)  
Report of the Statutory Auditor  
for the year ended  
31 December 2013

#### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and the charter of the foundation.

#### **Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b Civil Code (CC) in connection with article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board.

We recommend that the financial statements submitted to you be approved.

#### **Deloitte SA**

Jean-Marc Jenny  
Licensed Audit Expert  
Auditor in Charge

Jürg Gehring  
Licensed Audit Expert

Geneva, 17 June 2014

## A WORD OF THANKS

DNDi is grateful for the support received from the following donors who contributed toward the advancement of its mission and goals. To date, DNDi has delivered six new treatments and aims to bring eleven to thirteen treatments in total to patients suffering from neglected diseases by 2018. DNDi would like to thank all of the donors and partners for their loyal commitment and partnership since 2003.

### Public institutional support

Department for International Development (DFID), United Kingdom  
Dutch Ministry of Foreign Affairs (DGIS), The Netherlands  
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The Global Fund to Fight AIDS, Tuberculosis and Malaria (AMFm), International  
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Ministry of Health, Brazil  
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Norwegian Agency for Development Cooperation (Norad), Norway  
Spanish Agency for International Development Cooperation (AECID), Spain  
Swiss Agency for Development and Cooperation (SDC), Switzerland  
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### Private support

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Starr International Foundation, Switzerland  
UBS Optimus Foundation, Switzerland  
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Drugs for Neglected Diseases *initiative*

The Drugs for Neglected Diseases *initiative* (DNDi) is a patient-needs driven, not-for-profit research and development (R&D) organization that develops safe, effective, and affordable treatments for neglected diseases that afflict millions of the world's poorest people, notably human African trypanosomiasis (sleeping sickness), leishmaniasis, Chagas disease, paediatric HIV, filaria, and malaria.

**DNDi's primary objective is to:**

→ Deliver 11 to 13 new treatments by 2018 for targeted neglected diseases and establish a strong R&D portfolio that addresses patients' treatment needs

**In doing this, DNDi has two further objectives:**

- Use and strengthen capacities in disease-endemic countries via project implementation
- Raise awareness about the need to develop new drugs for neglected diseases and advocate for increased public responsibility

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