Activity report

and

Annual financial statement

2017
Activity report 2017

General information about the foundation

Purpose of the Foundation pursuant to Art. 2 of the Foundation Charter of 8 May 2013

"The purpose of the foundation is to promote rheumatological research.

To this end, the Foundation supports rheumatological research projects with financial resources.

The Foundation also contributes to this,

- To promote networks in the field of rheumatological research;
- To facilitate access to research opportunities and research fundraising activities for all European countries.

The Foundation pursues neither profit-making nor self-help purposes."

Tax exemption

By order of the Cantonal Tax Office of Zurich dated 14 October 2013, the Foundation was exempted from state tax and general municipal taxes as well as from direct federal tax with effect from its establishment because of the pursuit of charitable purposes.

Statuten und Regulations

Foundation Statute of 8 May 2013

Pursuant to Art. 12 of the Foundation Statutes, the Board of Trustees has issued the "Regulations for the Board of Trustees" for the attention of the Executive Committee, which set out in detail the tasks and responsibilities, working methods and role of the Board of Trustees and the Scientific Committee. Further regulations are not yet required in this initial and establishment period of the foundation.

Domicile

FOREUM Foundation for Research in Rheumatology
Seestrasse 240
8802 Kilchberg
Board of Trustees (with collective signature of two)

President Board of Trustees
Prof. Gerd-Rüdiger Burmester

Vice-President Board of Trustees
Prof. Steffen Gay

Members Board of Trustees
Prof. Ferdinand Breedveld
Prof. Maxime Dougados
Dr. Julia Rautenstrauch

Management of the company

For administrative tasks, a secretarial office (80%) of EULAR, the European Rheumatism League in Kilchberg, is covered by Florian Klett. The Board of Trustees is responsible for the governing and management of the Foundation.

Accounting department

CMT Partners AG
Dufourstrasse 147
8008 Zürich

Auditor

TBO Revisions AG
Steinstrasse 21
8036 Zürich
Mutations in the Foundation

The Board of Trustees underwent two changes in the 2017 financial year.

It replaced

Prof. Gerd-Rüdiger Burmester
Prof. Josef Smolen

And it replaced

Dr. Julia Rautenstrauch
Mr. Heinz Marchesi

Basics of the Foundation's activities

The main task of FOREUM is the promotion of research in the field of rheumatic and musculoskeletal diseases in the form of an independent research foundation. The aim is to initiate high-quality research into a broad range of rheumatic and musculoskeletal diseases through financial support. Research projects funded by FOREUM are to be carried out in cooperation with proven research centres from various countries. Only applications for research funds that meet these high standards and that have successfully undergone an external peer review process are considered, which means that the evaluation of the submitting scientific work/projects has been carried out by at least one independent evaluator/scientist from the same subject area.

FOREUM seeks financial support from interested commercial and non-commercial donors (fundraising) to achieve its goals. A list of donors and donations in 2017 is given in the chapter "Income Statement and Balance Sheet 2017". Contributions to FOREUM are guided by the conviction that further research and innovation in this field are crucial for further improvements in the prevention and treatment of rheumatic and musculoskeletal diseases and thus ultimately the living, working and socio-economic conditions of the more than 120 million people in Europe affected by any form of such diseases.

FOREUM is in principle an institution that defines its strategic goals and tasks independently of other institutions. Nevertheless, the intention is to coordinate and coordinate the research programme with the European Rheumatism League EULAR, which is active in the same field. The aim is to avoid inefficient use of research funds through duplication. Additionally FOREUM wants to maintain useful contacts with other research organizations and further circles interested in rheumatism research, where meaningfully.

For the activity of FOREUM three basic experiences or realizations are crucial: First, the challenges of modern medicine can best be met through an integrative approach to collaboration. In the short to medium term, far-reaching progress in health care in the sense of a paradigm shift is to be aimed for with the use of modern molecular and cell technologies as well as information and database technologies.

Secondly, rheumatology should play a leading role in its implementation, as its interdisciplinary approach enables it to initiate innovations in many areas of medicine. This makes rheumatology an
attractive discipline not only for external sponsors, but also for top researchers and the best of the younger generation of researchers.

Thirdly, important research networks with academic (basic and clinical research) and industrial participation have been established in Europe in recent years. Programmes such as Autocur, Masterswitch, BTCure, EUROTEAM, PRECISEADS, GLORIA, HarmonicSS and most recently RTCURE have received significant EU funding. Outstanding research results have been achieved, resulting in sustainable skills, networks, large and well-defined biobanks and world-leading technical know-how.

Rheumatology in Europe has already shown that it is able to work together for the good and benefit of the whole. With a view to the future and in view of the fact that the causes, pathways and above all successful treatment options for many rheumatic diseases have not yet been sufficiently clarified, sustainable financing models are still necessary in the long term. FOREUM has set itself the goal of taking on a significant pioneering role as a committed partner.

**Activities of the Foundation in fiscal 2017**

**Research fundings**

Thanks to the donations, FOREUM was able to provide budgets for calls for proposals VII, VIII and IX for research projects in 2017:

- € 1,500,000 for the topic VII "Stratified Medicines in Rheumatology (Stratified)".
- € 600,000 for the theme VIII "Open International Research Exchange call (Research exchange)".
- € 1,500,000 for the topic IX "Comorbidity in Rheumatic and Musculoskeletal Diseases (Comorbidity)".

Calls for proposals for research projects on Themes VII and VIII will be launched in 2018. The theme IX will be implemented in 2019 and submitted for approval.

To approve the projects and determine the amounts, the submitted projects are examined and evaluated as usual by the Scientific Advisory Board of FOREUM and in an external peer review evaluation procedure.

Finally, the recommendations of the Scientific Advisory Board are reviewed and, if necessary, approved by the Board. The Board of Trustees finally decides on the release of the approved project funds.

FOREUM was able to carry out two calls for proposals for research projects in 2017, one on the topic V "Preclinical phases of Rheumatic and Musculoskeletal Diseases (Preclinical)" and one on the topic VI "Ageing in Rheumatic and Musculoskeletal Diseases (Age)". The submitted projects were reviewed and evaluated by the Scientific Advisory Board of FOREUM and in an external peer review evaluation procedure.

Within the framework of the preclinical topic, four projects were selected by the Board and approved for financing by the Board of Trustees at the request of the Board of Trustees with €600,000; € 400,000; € 300,000 and € 100,000 respectively. These are the following projects:

- Englund et al. Novel Treatment Targets in Early-stage Osteoarthritis
- Bertsias et al. A prediction score for individuals at risk for Systemic Lupus Erythematosus (SLE)
As part of the Age theme, two projects were selected by the Board and each approved for funding by the Board of Trustees at the request of the Board of Trustees with €600,000. These are the following projects:

- Lord et al. UK: “Does accelerated epigenetically defined ageing, including immune ageing, contribute to Rheumatoid Arthritis pathogenesis”;

Meetings Board of Trustees and Executive Committee

The Board of Trustees and the Board of Management held four meetings during the reporting period to discuss the course of business and had the decisions on one of the awards of the "Preclinical" topic confirmed by unanimous resolution of the Board of Trustees by circular resolution.

The awards of the "Ageing" theme were also confirmed by circular resolution of the Board of Trustees.

- Ratification of the grants proposed by the Board for 4 preclinical projects totalling €1,400,000;
- Ratification of the grants proposed by the Board for 2 Ageing projects totalling €1,200,000;
- Defining the allocations decided upon in order to increase transparency and improve the presentation of finances;
- Approval of the Treasurer's financial report.

Information on the amount of the donations

As explained in the previous chapter, FOREUM 2017 has approved and in part already paid out research contributions. In detail:

Grants awarded in 2017

Topic Preclinical

- €400,000 Project016 G. Bertsias
- €400,000 Project017 A. Catrina
- €300,000 Project018 M. Englund
- €100,000 Project019 R. Seror

Totalling €1,400,000. Die entsprechenden Beträge sind in der Jahresrechnung ausgewiesen.

Theme Ageing

- €600,000 Projekt020 J. Lord
• € 600.000 Projekt021 D. Noël
Insgesamt € 1.200.000. The corresponding amounts are shown in the annual financial statements.

**Foundation assets**

The foundation assets as at 31 December 2017 amounted to € 8,898,321.

The assets of the foundation are invested with UBS Zurich in current accounts in EUR and CHF. No longer-term investments were made. However, these were examined for the first time and possible investment strategies discussed. It is expected that investment forms will be used in the next reporting year to avoid negative interest rates.

The assets of the foundation are managed by the Board of Trustees. The treasurer as a member of the Executive Committee is regularly informed by the secretariat about payments and account balance. The treasurer reports regularly to the Foundation Board on the financial situation of the FOREUM. The Board of Trustees examines and approves future expenditure in the knowledge of the financial situation of the Foundation. Details are set out in the notes to the annual report.

**Income statement and balance sheet 2017:**

**Income Statement**

In the year under review, the Board of Trustees decided to delimit the allocations decided upon in order to increase transparency.

For this reason, the 2017 income statement ends with a one-off loss for the period of € 6,071,763, while donations received of € 3,149,445 are offset by detailed accruals for grants already approved, expenses for grants and various uncollected invoices of € 8,969,996, office, administration and marketing expenses of € 178,969 and financial expenses of € 72,698. Income and expenses are presented in detail in the attached audit report to the annual financial statements.

**Balance sheet**

The balance sheet at the end of 2017 includes assets of € 8,898,321 in the form of cash and cash equivalents. The equity of € 1,291,032 consists of € 100,000 endowment capital, € 7,262,795 profit for the period 2016, less € 6,071,763 loss for the period 2017.
Our Donors

FOREUM Foundation for Research in Rheumatology seeks to raise funds from interested commercial and non-commercial donors that share FOREUM’s vision and goals. Without this support we would not be here nor can we fulfil our mission for the benefit of researchers and patients. It is with gratitude that we acknowledge the following donors for their generous support and financial donations:

Platinum

![Lilly](image1.png)  ![Pfizer](image2.png)

Gold

![AbbVie](image3.png)  ![Roche](image4.png)

![Sanofi Genzyme](image5.png)  ![Novartis Pharmaceuticals](image6.png)  ![Sandoz A Novartis Division](image7.png)

Bronze

![Samsung](image8.png)  ![Samsung Bioepis](image9.png)

Donors

![GSK](image10.png)  ![Gilead](image11.png)  ![MSD](image12.png)
Donations received 2017

Donor | Amount 2017 in EUR | Entry currency
--- | --- | ---
ABBVIE AG upgrade Gold 2017 | 95.000 | EUR
EULAR 2017 | 500.000 | EUR
Eli Lilly Export SA 2017 | 1.020.000 | EUR
Eli Lilly Export SA 2017 | 510.000 | EUR
Glaxosmithkline IHC LTD | 83.000 | EUR
Novartis Investments SARL 2017 | 100.000 | EUR
Pfizer S.R.L. 2017 | 500.000 | EUR
Roche Pharmaholding B.V. 2016 | 500.000 | EUR
Roche Pharmaholding B.V. 2017 | 250.000 | EUR
Sanofi US Services Inc. | 251.445 | USD
Samsung Bioepis | 100.000 | EUR
Total | 3.149.445 | EUR

Resolution of the Board of Trustees

The Activity Report and Financial Statements for 2017 were approved by the entire Board of Trustees at its meeting of June 12, 2018 and adopted unanimously. The auditors for the coming 2018 financial year were also confirmed.

Kilchberg, June 12, 2018

Appendix Risk Assessment and Management

Within the scope of its tasks, the Board of Trustees regularly reviews all organs and processes of the Foundation in order to identify risks and to avoid or at least mitigate them as far as possible. At its meetings on January 11 and June 12, 2018, the Board of Trustees reviewed and approved the decisions and recommendations of the Executive Board and the Scientific Advisory Board and also approved the decision-making processes. In its assessment of the financial situation of FOREUM, the Board of Trustees reviewed the income and planned expenses and approved them in accordance with the assets of the foundation. There are no discernible financial risks with regard to the Foundation’s current activities. In order to avoid financial risks in the future, the Board of Trustees reserves the right to make adjustments at any time. The principle is to only award grants for which the financial framework is 100% guaranteed.