



LEPROSY RESEARCH INITIATIVE



Annual Report 2017

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Postal address
P.O. Box 95005
1090 HA Amsterdam
The Netherlands

Visiting address
Wibautstraat 137k
1097 DN Amsterdam
The Netherlands

E-mail info@leprosyresearch.org
Internet www.leprosyresearch.org

1. Introduction

This is the third Annual Report of the Leprosy Research Initiative (LRI). The LRI, founded in 2013, is a unique model of cooperation and coordination in the funding of leprosy research. Five international NGOs committed to the fight against leprosy combine their funding for research in a joint fund under one policy. In 2017 the LRI allocated about € 1.5 million to 23 research projects. Included in this amount is the very substantial contribution of € 440.000 provided by the Turing Foundation as co-funder of the LRI.

The 5 partners working together in the LRI in 2017 were:

American Leprosy Missions (ALM)
German Leprosy Relief Association (GLRA)
Effect:hope
The Leprosy Mission International (TLMi)
Netherlands Leprosy Relief (NLR)

The Mission to End Leprosy (formerly TLM Ireland) continued its support to the running cost of the LRI in 2017. Plan:g (formerly the Austrian Leprosy Relief Association (ALRA)) funded a research project via the LRI.

The LRI, a foundation under Dutch law, is managed by the Director of Netherlands Leprosy Relief (NLR), implementing the decisions of the LRI Executives Group and supervised by the Supervisory Board of NLR. This annual report gives account to the LRI partners and other stakeholders of the LRI proceedings and activities in 2017. The financial proceedings have been audited by an independent auditor.

The LRI partners have confirmed their participation in the LRI for a minimum of 3 years and have agreed to decide annually about extension of this three year commitment by another year. In 2017 the LRI

was therefore able to fund research projects with a duration of up to four years.

The small and hardworking LRI office team was again assisted by many outstanding professionals and experts who are members of the LRI Steering Committee, members of the Scientific Review Committee or independent reviewers.

The LRI is keen to welcome new partners and co-funders in its exciting model of research funding that offers perspectives for innovation and increasing effectiveness in the various aspects of the fight against leprosy and its consequences.

We wish to thank everyone who contributed to the LRI work in 2017 via personal involvement, financial support or co-operation.

Jan van Berkel
Director

Bram van Ojik
Chair NLR
Supervisory Board

2. Vision and Policy

Vision

A world free from leprosy

Mission

To contribute to our vision by:

1. promoting, facilitating and funding high-quality leprosy research;
2. strengthening research capacity in endemic countries, and;
3. facilitating translation of research results into policy and practice.

Purpose

1. To establish and maintain a joint research fund to support leprosy research that fits with the LRI priorities.
2. To secure funding from external sources for research projects related to the LRI joint research agenda that cannot be funded (solely) by the LRI fund.

Objectives

1. To facilitate the development of research funding proposals in collaboration with concerned research groups.
2. To establish and maintain a joint research fund for leprosy research.
3. To facilitate adequate resourcing of leprosy research projects.
4. To provide an efficient, transparent and scientifically rigorous selection process of research proposals that fit the priorities set in the joint research policy.
5. To provide a scientifically high-quality monitoring mechanism of research projects supported by the LRI.

6. To expand the number of partners in the LRI.

Current research priorities

Based on current global research needs, the partners of the LRI have agreed on a joint policy with clearly defined research priorities. Research results should be directly applicable to leprosy services or to the wellbeing of persons affected by leprosy. In addition research projects need to generate results that can be used in the short- or medium term.

Five research areas are selected as main priorities.

1. Early detection

Promote and enable early detection of leprosy

Early detection is important to reduce further transmission, but particularly because it reduces the risk of permanent impairments. The LRI will support studies that examine approaches, methods or tools to improve early case detection. This will include health systems approaches to promote community awareness, appropriate health-seeking behaviour of patients and access to services, as well as the testing of lab-based tools for subclinical infection or disease. It may also include interventions to reduce community stigma, if this is a barrier to early detection in a given setting.

2. Nerve function impairment and reactions

Promote prevention, early detection and effective treatment of nerve function impairment (NFI) and reactions

Neural and ocular impairments are the main causes behind the many problems persons affected by leprosy may experience. The LRI will therefore support studies of approaches and interventions for primary prevention of nerve or ocular damage, methods to improve detection and interventions and treatment regimen to improve the prognosis of NFI and leprosy reactions.

3. Inclusion

Promote inclusion of persons affected by leprosy in society

Exclusion from society is the most feared and severe consequence of leprosy. This may happen overtly, as when people are sent away from their home or faced divorce, or in much more subtle ways, such as loss of status, gossip, avoidance, etc. The LRI will support research that promotes inclusion and participation of persons affected by leprosy in any aspect of society. Important aspects are relationships, including marriage and promotion of the sexual and reproductive health and rights of affected persons, livelihoods and labour participation, education, and participation in civil organisations, such as disabled people's organisations. Participation of affected persons in leprosy services is another aspect that deserves specific attention.

4. Prevention of disability

Improve the coverage of prevention of disability activities and their integration in national programmes and integrated wound and limb care programmes

Prevention of disabilities (POD) is a core component of leprosy services. Appropriate methods and tools are already available, but often they are not used and not used adequately. Examples are nerve function assessment and self-care training. Usually, POD interventions or activities are carried out in a leprosy-only mode, while there are many people with similar problems who would also benefit from such interventions and activities (e.g. people with diabetic neuropathy). The LRI will support implementation research that explores or provides ways to improve the use of existing methods and tools for POD, the integration of POD interventions in national leprosy policies and programmes, and the integration of leprosy-related POD in general wound and limb care programmes.

5. Interrupt transmission

Test methods and tools to interrupt the transmission and incidence of leprosy, including increasing the coverage of effective contact management and chemoprophylaxis

The ultimate goal of leprosy control services is to interrupt the transmission of leprosy. Current approaches to case detection and treatment with MDT have not led to a sufficient decrease in incidence of leprosy in many countries or areas within countries. Recent research has shown that strategies aim at contacts of leprosy patients are the most promising and cost-effective options to further reduce the incidence of leprosy. The LRI will support implementation research aimed at introducing or scaling up effective contact management or chemoprophylaxis interventions. Testing of additional contact examination interventions, chemoprophylaxis regimen or other prophylaxis approaches, such as immune-prophylaxis, would be eligible for support. Studies aimed at reducing or removing barriers to the effective use of contact-based interventions are also eligible for support.

3. Proposals received and approved

The application procedure for LRI research funds is structured as follows:

- Step 1: Submission of Letter of Intent (LoI) outlining the intended research
- Step 2: The first selection is made by the Steering Committee (SC), using a review format
- Step 3: Feedback is given to the applicant. This can be:
 - An invitation for full proposal submission
 - Recommendations on a major revision of the proposal (not an invitation)
 - Rejection
- Step 4: Submission of the full research proposal
- Step 5: Proposal is reviewed by two independent reviewers
- Step 6: Feedback of the reviewers is sent to the applicants
- Step 7: Applicants submit their rebuttal
- Step 8: The Scientific Review Committee (SRC) makes recommendations on which projects to fund.
- Step 9: The SC reviews the recommendations and add their feedback and ranking.
- Step 10: The Executive group decides which proposals to fund

In December 2015 a call for proposals was published, inviting to present letters of intent by February 28th 2016 for the 2017 funding round.

Among the priorities of the LRI, research to promote 'prevention of disabilities for persons affected by leprosy' was underrepresented. Therefore, the 2017 call focused on applications addressing or including this subject. In addition, applications from or including African countries were given priority.

The deadline for full proposals was June 1st 2016. Projects that were approved started in 2017.

Letters of Intent received

A total number of 40 Letters of Intent (LoI) were received for the budget round 2017, of which 7 (18%) were rated positive, and 33 (82%) were rejected. Applications were received from both leprosy endemic and non-endemic countries. The percentage of lead applicants from leprosy endemic countries has grown from 60% in 2014 to 73% in 2015 and 75% in 2016.

Letters of intent received for budget round 2017	Number of LoI	Invitation for full proposal	Success rate
Lead applicant from endemic country	30	6	20 %
Lead applicant from non-endemic country	10	1	10 %
Total	40	7	17.5 %

Table 1: Number of Letters of Intent (LoIs) and their origin received for budget round 2017, the number of applicants that were invited to write a full proposal, approved projects and the success rate.

Full proposals received

Among applicants who were unsuccessful in the 2016 budget round, seven were invited to skip the Lol phase of the 2017 budget round and re-submit their proposal. In total 10 full proposals were received for the 2017 budget round: four re-submission and six new full proposals. The total requested budget was € 960,267 euro. Eight of the 10 proposals came

from endemic countries, requesting 81% of the total requested budget. The budgets ranged from € 25,390 to € 216,160. The two proposals received from non-endemic countries requested 20% of the total requested budget, ranging from € 24,041 to € 59,882 (Figure 1, Table 2).

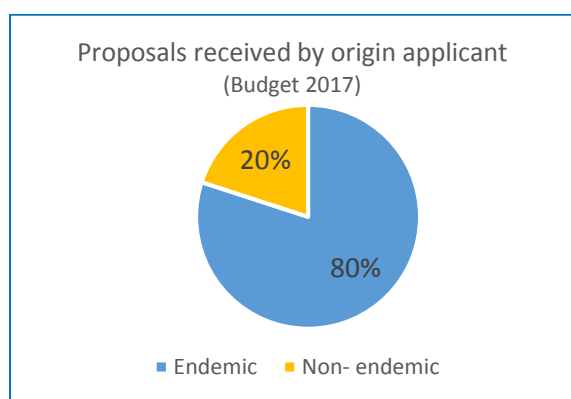


Figure 1. Origin of the full proposals received for budget round 2017 (n=10)

Full proposals received	Number	Budget requested	Range
From endemic countries	8	€ 776,344 (81%)	€ 25,390 - € 216,160
From non-endemic countries	2	€ 183,923 (19%)	€ 24,041 - € 159,882
Total		€ 960,267	€24,041 - € 216,160

Table 2. Overview of the origin, number of proposals and requested budget for budget round 2017

While in 2016 the majority of proposals addressed priority 3 – in 2017 priorities 2 and 4 were most frequently addressed. This is in

line with the call text – focusing on prevention of disability – which relates to both priority 2 and 4.

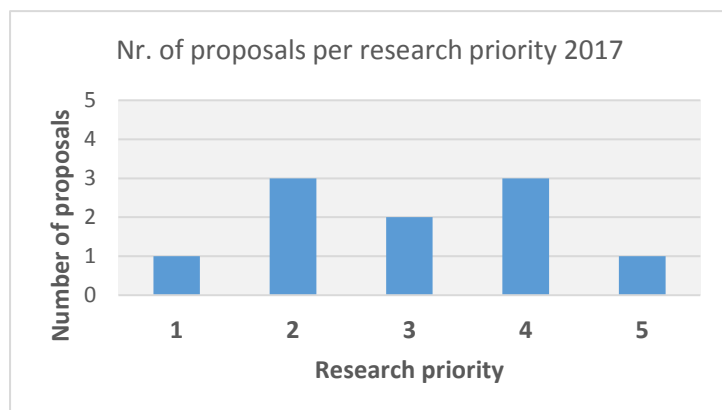


Figure 3. Number of proposals received by research priority (budget 2017)

External review

Thirty-three external reviewers were approached, of which 21 responded positively to the request to review a research proposal. Two proposals were reviewed by three reviewers, seven proposals by two reviewers and one proposal was reviewed by one reviewer. The feedback of the reviewers was sent to the applicants with an invitation for rebuttal.

Funding decisions

After careful consideration of the advices of the SRC and LRI SC, the Executives Group made the following decisions:

- 4 projects to be fully funded (40%)
- 6 projects to be rejected (60%)

Figure 4 shows the number of approved and rejected proposals per LRI research priority. One proposal addresses priority two and one addresses priority three – and two proposals address priority four.

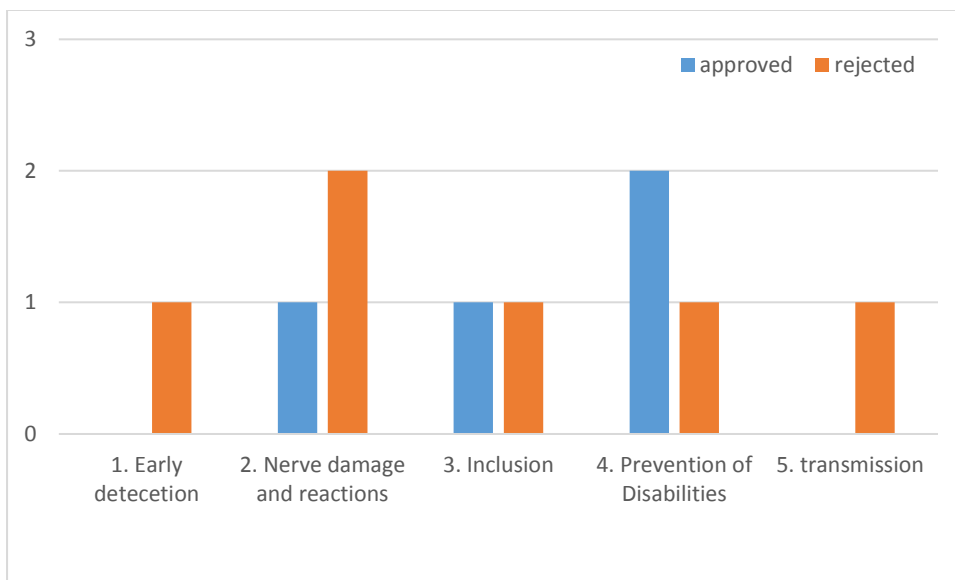


Figure 4: Number of proposal accepted and rejected by research priority (budget 2017)

4. New research projects in 2017

These new projects started in 2017.

Priority area	LRI FUNDED PROJECTS IN 2017	CO-FUNDERS	TOTAL BUDGET	FOCUS
2	LWM/Inflamed Skin Lesions Along an Area of a Peripheral Nerve		€ 109.223	Philippines
3	TLMB/Long term attributable impact of CBR in North West Bangladesh		€ 23.616	Bangladesh
4	ENAPAL/Family-based approaches self-management of disabilities due to leprosy, podoconiosis and LF: Exploratory phase		€ 49.947	Ethiopia
4	SIH-R & LC/Mobile Technology (M-Health)		€ 35.902	India

An overview of these and other current projects can be found on <https://leprosyresearch.org/research/projects>

5. Other activities

Besides supporting research projects financially, the LRI aims to strengthen capacity for leprosy research. One of the activities relating to this aim is the so-called annual Spring Meeting. The LRI Spring meeting is a yearly event for LRI funded researchers – with the aim to present research updates to the LRI Scientific Review Committee (SRC) and LRI Steering Committee (SC) and representatives from all funded research groups. The meeting also creates an opportunity to meet with and learn from fellow researchers and to share ideas between researchers, funders and other stakeholders.

In 2017 – the LRI organized its second scientific Spring meeting. Each project that started in the year before the meeting or earlier was invited to send a representative to present (interim) results to the members of the Scientific Review Committee, the Steering Committee and to each other. The LRI Spring meeting 2017 lasted two days and was attended by 51 participants.

New this year were a number of four thematic sessions which were organized on the second day. The aim of these sessions was to promote exchange between researchers, especially inter-disciplinary exchange. The topics were: (1) What could be the role of modern communication technologies in research and management; (2) LRI Research policy: is anything missing?; (3) Barriers to and facilitators of translating findings of lab-based leprosy research to leprosy services; (4) What is the relation between stigma and human rights?

The thematic sessions led to a number of recommendations which will be taken up during the coming year. These include the addition of a criterion in the full proposal

format concerning a meaningful engagement of novice researchers. Another recommendation was to elaborate on a dissemination strategy of one-page summaries of the results of projects after their completion.

A new capacity strengthening activity in 2017 was a Workshop Operational Research. In February 2017, the training workshop was held in Ethiopia for teams from African countries. The goal of the workshop was to increase the quality of operational research proposals in Africa through a capacity strengthening workshop that aimed at teaching research methods, including proposal writing, with additional mentoring during the implementation phase. A total of four teams participated (Cameroon, Uganda, Mozambique, Sierra Leone) – which resulted in four Letters of Intent for the 2018 budget round. All four were invited to submit a full proposal.

Furthermore, in the summer of 2017 – the LRI and the European & Developing Countries Clinical Trials Partnership (EDCTP) published two joint calls for proposals, inviting applications for intervention and implementation research in Neglected Infectious Diseases (NIDs) and NIDs that are co-endemic with leprosy. With these joint calls EDCTP and LRI aimed to leverage resources and to pool funds in support of clinical and implementation research on NIDs in sub-Saharan Africa. LRI will make a contribution of € 400,000 to fund successful applications from either of these two calls that are partly or completely focused on leprosy. The outcome of the call will be communicated in 2018.

6. Current and Future perspectives

The call for proposals to be financed under the LRI 2019 budget was published in December 2017. For this call - proposals addressing any of the five LRI research priorities will be eligible for funding in this call. There is no budget ceiling for the 2019 call. Decisions about approvals for the budget 2019 are planned in the Executives Group meeting of November 2018.

Decisions about approvals for the budget 2018 were planned in the Executives Group meeting of November 2017. These will be reported in the 2018 annual report.

In February 2018, a second Operational Research Workshop training will be will be

organised in Kathmandu, Nepal – serving research teams from South/South-East Asia.

In April 2018, the LRI Spring Meeting will be organised. This time, researchers funded by the R2Stop (www.r2stop.org) will also be invited to present the progress of their research.

The search for additional partners and new co-funders of LRI approved research projects will continue in 2018. The need and requests for leprosy-related research still exceeds the available budget of the LRI and its present co-funders.

7. Who is who in LRI

Executives Group

The LRI Executives Group (EG) consists of the executive directors of the LRI partners.

Mr Jan van Berkel	Director, NLR (Chair)
Mr Peter Derrick	CEO, effect:hope
Mr Burkard Kömm	CEO, GLRA
Mr Brent Morgan	Director, TLMI
Mr Bill Simmons	President/CEO, ALM

Steering Committee

The LRI is guided by a Steering Committee (SC). The SC membership comprises the research consultants or coordinators of the LRI partner organisations (ex-officio) and an independent Chair. The members in 2017 were:

Dr David Scollard, MD PhD	Retired Director of the National Hansen's Disease Programs (Chair)
Dr Wim H. van Brakel, MD MSc PhD	Head Technical Department, NLR (Secretary)
Dr Tom P. Gillis, BSc MSc PhD	Research Coordinator, effect:hope
Dr Christa Kasang, MSc PhD	Research Coordinator, GLRA
Dr Pim Kuipers, BA (Hons) MA PhD	Research Coordinator, TLMI
Dr Paul R. Saunderson, MBBS MSc PhD	Medical Director, ALM

The LRI SC is responsible to LRI Executives Group (EG).

Scientific Review Committee

The quality, relevance and feasibility of submitted research proposals are assessed by the independent Scientific Review Committee (SRC), comprising experts in leprosy, clinical medicine, public health, rehabilitation and social sciences. This committee makes recommendations to the LRI EG concerning funding. The SRC also monitors the progress of the ongoing projects. Members serve for a maximum of two terms (eight years). The SRC members in 2017 were:

Prof. Dr William R. Faber (Chair)	Emeritus Professor of Tropical Dermatology, Academic Medical Center, University of Amsterdam, Netherlands
Dr Jos H.M. Dekker	Rehabilitation Physician at Heliomare Rehabilitation Centre at Red Cross Hospital, Netherlands

Dr Gigi J. Ebenezer	Associate Professor, Neurology Department, Johns Hopkins School of Medicine, USA
Dr Bassey E. Ebenso	Research Fellow, Leeds University, Institute of Health Science, United Kingdom
Prof. Dr Victor P.M.G. Rutten	Associate Professor at Department of Infectious Diseases and Immunology, University of Utrecht, Netherlands and Extraordinary Professor at Department of Veterinary Tropical Diseases, University of Pretoria, South Africa
Prof. Dr Maria Leide W.R de Oliveira	Professor of Dermatology at Federal University of Rio de Janeiro, Brazil
Prof. Dr Tjip S. van der Werf	Pulmonologist, Head of the Infectious diseases service & Tuberculosis unit, University Medical Centre Groningen, Netherlands

Office team

Ms Nicole Dinnissen MSc	LRI Programme Officer
Ms Tamara Prinsenbergh MSc MOH (until March 2017)	Research Funding Officer
Dr Nienke Veldhuijzen MD MPH PhD (as of September 2017)	Technical Officer
Ms Nanny Jaski	Secretary
Ms Linda van den Berg (as of August 2017)	Secretary

8. Reviewer acknowledgements

We would like to thank all our external reviewers who dedicated their time to the peer review of the 2017 full proposals.

Dr Abraham Selvasekar, India

Ms Kerstin Beise, Indonesia

Ms Marieke Boersma, Netherlands

Dr Pierre Brantus, France

Prof. Patrick Brennan, USA

Mr Huib Cornielje, Netherlands

Dr Hugh Cross, United Kingdom

Dr Zoica Bakirtzief da Silva Pereira, Brazil

Mr Arie de Kruijff, Mozambique

Prof. Hazel Dockrell, United Kingdom

Ms Jannine Ebenso, United Kingdom

Dr Gregory Glazov, Australia

Dr Louise Kelly-Hope, United Kingdom

Dr Ben Naafs, Netherlands

Dr Vivek Vasudev Pai, India

Dr Erik Slim, Netherlands

Dr Wim Theuvenet, Netherlands

Dr Maya Thomas, India

Dr Kristien van Acker, Belgium

Dr Johan Velema, Netherlands

Dr Vijay Viswanathan, India

Annual Accounts 2017

Jaarrekening 2017

**Stichting Leprosy Research
Initiative**

Amsterdam, The Netherlands

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I. Balance sheet as at 31 December 2017

Amounts in Euros

	Note 31 December 2017	31 December 2016
ASSETS		
<i>Fixed assets</i>		
1.		
Tangible fixed assets	€ 0	€ 0
	€ 0	€ 0
<i>Current assets</i>		
2.		
Contributions due	€ 179,651	€ 62,629
Balances and accounts to be received from NLR	€ 115,210	€ 329,370
Paid in advance	€ 203,276	€ 205,303
Cash and cash equivalents	<u>€ 84,965</u>	<u>€ 71,320</u>
	€ 583,103	€ 668,622
Total assets	€ 583,103	€ 668,622
LIABILITIES		
<i>Reserves</i>		
3.		
Continuity reserves	€ 0	€ 0
Earmarked reserves	<u>€ 549,349</u>	<u>€ 447,360</u>
	€ 549,349	€ 447,360
<i>Short-term liabilities</i>		
4.		
Accounts payable	<u>€ 33,755</u>	<u>€ 221,262</u>
Total liabilities	€ 583,103	€ 668,622

II. Statement of Income and Expenses for the year 2017

Amounts in Euros

	Notes	Realisation 2017	Budget 2017	Realisation 2016
INCOME:	5.			
Income from allied and joint non-profit organisations	€	1,085,600	€ 1,083,000	€ 1,103,920
Other income	€	24,740	€ 25,000	€ 21,849
Total income	€	1,110,340	€ 1,108,000	€ 1,125,769
EXPENSES:	6.			
Research project costs	€	831,434	€ 1,029,000	€ 887,383
Staff costs, housing and office costs	€	156,226	€ 179,000	€ 157,557
Other operating expenses	€	20,691	€ 20,500	€ 50,664
Total expenses	€	1,008,351	€ 1,228,500	€ 1,095,604
Result of income and expenses	€	101,989	€ -120,500.00	€ 30,165

III. Notes accompanying the annual account for 2017

a. General and accounting policies

This is the annual account of 2017 of LRI (Stichting Leprosy Research Initiative). The LRI has been registered since June 1st 2015 as a Foundation under Dutch law. The LRI has taken over all activities from the 1st of January of 2015 from NLR and this are annual accounts of the LRI presented for the year 2017, started on the 1st of January and ended December 31st. The LRI is registered under Chamber of Commerce no. 3431874.

General note on the accounting policies

The annual account has been prepared in accordance with Guideline C for small non-profit organisations (Dutch: Richtlijn C1 Kleine organisaties zonder winststreven) as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) and revised in 2016. The change does not affect the result nor the reserves.

Activities

LRI (Leprosy Research Initiative) is a combined venture of NLR, American Leprosy Missions (ALM), German Leprosy and Tuberculosis Relief Association (GLRA), effect:hope (The Leprosy Mission Canada) and The Leprosy Mission International (TLMI). Guided by an allied policy with clearly defined research priorities, the partners have established a joint fund to support leprosy research. The joint fund is reserved for research that is exclusively or strongly related to leprosy. A comprehensive explanation of our mission and goals and a detailed account of the content of our work can be found in our annual report.

LRI work proceedings and work activities

The LRI has all its work proceedings and activities fully delegated to NLR. NLR runs the Leprosy Research Initiative's secretariat and all work proceedings and activities are also performed by NLR. The Supervisory Board of NLR supervises the proceedings and activities as reported by the NLR Director.

Registered address

The registered and actual address of the LRI is Wibautstraat 137k, 1097 DN in Amsterdam, Netherlands.

Accounting period

The annual accounts have been drawn up by reference for an accounting period of one year. The financial year is equal to the calendar year. The annual accounts have been prepared on a historical cost basis of accounting.

Comparison with prior year(s) and opening balance

On January 1st 2015, LRI has taken over all activities that fall within the objectives of LRI from NLR, including assets and liabilities. These funds are allocated for specific research projects and for funding of the current research projects, to grant new projects and for the running costs of the LRI foundation. The comparison with 31 December 2016 is shown on the balance sheet of the annual accounts.

Accounting policies for the valuation of assets and liabilities and the determination of the result

The annual account has been prepared in accordance with Guideline C for small non-profit organisations (Dutch: Richtlijn C1 Kleine organisaties zonder winststreven) as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) and revised in 2016. All amounts in the annual accounts are in Euros or a multiple of 1,000 Euro, or rounded to the nearest amount in Euros. The amounts are compared to the part for research activities and objectives from the formal LRI budget for 2017 (approved by the Supervisory Board of NLR in December 2016).

The financial statements have been prepared in accordance with the principle of continuity.

Income from funding and the allocation of funds

Each LRI partner has committed an annual contribution to the LRI research fund and contributes an equal share to the LRI running costs. The income from partners, associate partners, contributors and co-financiers are recognised in the year to which the item of income relates and are allocated to the year in question on a actual cost basis. The income is shown gross, before any deduction of associated costs, unless otherwise is stated. Necessary costs to realise certain benefits, are presented in the statement of income and expenses as expense.

Accounts receivable

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances represents the balance of the bank account held for head office of the LRI, in the Netherlands and are immediately accessible. LRI does not have any borrowings or loans. LRI does not invest nor does it make use of any financial instruments.

General note on the balance sheet and statement of income and expenses

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and statement of income and expenses include references to the notes. Notes to the line items of the balance sheet and the statement of income and expenses have been numbered in the financial statements.

Foreign currency

The annual accounts are presented in euro. Transactions in foreign currency are converted to Euro at the exchange rate of the transaction date.

Reserves

LRI ensures that contributions are used for the intended cause. If more money was received for a specific research project than needed in that particular year for that project, the LRI will allocate this money to the same project in the following year. If LRI no longer supports the project the following year, LRI will use the funds for a similar project. In the event there are no such projects, we will deposit the money in the general joint fund or refund this to the contributor. The reserves is the result of income and expenses and is held in accordance with budgets for (scientific) research and running costs of the LRI for future years to ensure sustainability of the LRI so that its projects proceedings and activities are not affected and to grant new research project proposals. The surplus amounts are retained in as safe as possible bank accounts with trustworthy banks. The result of 2017 is added to the earmarked reserves. The earmarked reserve consists of reserves set aside for future funding of LRI projects. The LRI holds no investments.

Management of the LRI and remuneration of Supervisory Board and Executive Group

As a Foundation the LRI is managed by the director of Netherlands Leprosy Relief (NLR), implementing the decisions of the LRI Executive Group and supervised by the Supervisory Board of NLR. No remuneratrion was paid to the Supervisory Board members and Director of NLR, and no loans, advances or guarantees were given. In 2017 no expenses were reimbursed.

Events after the reporting period

In these accounts no significant events after the reporting period occurred which should be included.

Publication

This report is available on www.leprosyresearch.org. The 2017 annual report and the annual accounts are available in a digital format primarily for environmental reasons. A (free of charge) printed copy can be obtained on request.

III b. Notes to the Balance sheet 2017

1. Tangible fixed assets

Tangible fixed assets are used for the main activities and entirely held for operational management. The LRI holds no tangible fixed assets and therefore this is not valued in 2017.

2. Receivables

All receivables are due within one year.

	31 December 2017	31 December 2016
	in €	in €
Contributions and amounts due	179,651	62,629
Funds and accounts to be received from NLR	115,210	329,370
Paid in advance	203,276	205,303
Cash and cash equivalents	84,965	71,320
	<u>583,103</u>	<u>668,622</u>

The item contributions and amounts due relates to co-financing funds from the Turing Foundations and the contribution of effect:hope and TLM Ireland to research projects and supporting funds for the running costs of the LRI for the year 2017. This is expected but not yet received income from partners. The major part of the contributions due are already received in the first quarter of 2018. The income from contributions are accounted for once the commitment has been confirmed.

The item amounts to be received from NLR relates to the funds and accounts to be received from NLR. From January 1st of 2015, the LRI has taken over all activities that fall within the objectives of LRI from NLR, including assets and liabilities. The amount of € 115,210 reflects to the amount that is to be received from NLR. This amount has been settled in 2018.

The paid in advance amounts, also prepayments, which are already effectuated in 2017, are payments to research institutes and universities for activities in the first quarter of 2018.

Cash and cash equivalents are cash and bank balances in Euros in the Netherlands held by the LRI office in Amsterdam. LRI holds its main current account at ING Bank (NL). The balance of cash and cash equivalents is immediately available. The cash and cash equivalents balance for the year ended 31 December 2017 is € 84.965,03.

3. Reserves

The reserves are the result of income and expenses and are held in accordance with budgets for (scientific) research and running costs of the LRI for future years to ensure sustainability of the LRI so that its projects proceedings and ongoing activities are not affected and also to grant new research project proposals.

	31 December 2017	31 December 2016
	in €	in €
Earmarked reserves	<u>549,349</u>	<u>447,360</u>
	<u>549,349</u>	<u>447,360</u>

General notes on the reserves

In 2017 a few projects with a total grant of € 189,000 started later and were delayed which resulted in a higher positive result than budgeted. The result of 2017 arrived at € 101,989 and is added to the earmarked reserves of LRI.

- LRI ensures that contributions are used for the intended cause. If more money was received for a specific research project than needed in that particular year for that project, the LRI will allocate this money to the same project in the following year. From the total amounts received in 2017, a few partners contributed to specific research projects which remained unspent in 2017. The majority of these funds has been allocated to activities in 2018. These consist of financing the current projects, award new research projects and a proportional part for financing the LRI organisation.

- LRI holds no continuity reserve.

The LRI's reserves are as follows:

Balance as per 1 January 2017
 - Movements
 - Withdrawals and additions
 Balance as per 31 December 2017

Continuity reserves	Earmarked reserves	Total
in €	in €	in €
0	447,360	447,360
0	0	0
0	101,989	101,989
0	549,349	549,349

4. Short-term liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

	31 December 2017	31 December 2016
	in €	in €
Accounts payable/creditors	33,755	221,262
	<u>33,755</u>	<u>221,262</u>

Accounts payable are mainly amounts payable to the amount of € 23,364 for (scientific) research in 2017, not yet formally invoiced by the researchers and institutes concerned. This item also concerns bank charges towards ING Bank and fees (€ 5,000) for the independent external auditor Dubois who performs the audit. These are paid in the first half year of 2018 by the LRI. The amounts received in advance (€ 5,390) are also calculated under this item, which are unspent funds from Turing Foundation and ALRA.

5. Commitments not included in the balance sheet

LRI has made commitments for 2018 and beyond for running research projects for a total value of €1,165.143.

III c. Notes to the Statement of Income and Expenses 2017

Amounts in Euros

5. Income

Each LRI partner has committed an annual contribution to the joint LRI research fund and contributes an equal share to the LRI running costs. In 2017 the current partners are: Netherlands Leprosy Relief (NLR), American Leprosy Missions (ALM), German Leprosy and Tuberculosis Relief Association (GLRA/DAHAW), effect:hope (The Leprosy Mission Canada) and The Leprosy Mission International (TLMI). The Leprosy Mission Ireland (TLM Ireland) supports the running costs of the LRI. The breakdown of the total income is as follows:

		Realisation 2017	Budget 2017	Realisation 2016
		in €	in €	in €
Income from allied and joint non-profit organisations	ALM	271,400	271,400	265,920
	effect:hope	131,400	131,400	126,000
	GLRA/DAHAW	181,400	181,400	176,000
	TLMI International	131,400	131,400	126,000
	TLM Ireland	20,000	20,000	20,000
	NLR	350,000	350,000	390,000
Other income	Turing Foundation	22,470	22,500	21,849
	Others	2,270	0	0
		<u>1,110,340</u>	<u>1,108,100</u>	<u>1,125,769</u>

The total amount available for allocation in line with the objectives for 2017 arrived at: € 1,110,340.

The realisation of the total income in 2017 was according to the drawn up budget. In 2016 the realisation was higher due to the outstanding balances from contributors and the income received in advance in 2015 for 2016. From the Turing Foundation we received a contribution for the running costs of the LRI to the amount of € 22,470, the Turing Foundation contributes five percent of their actual co-funded allocated budget on project funding towards running costs as realised at the end of the year 2017.

6. Expenses

The expenses involve mainly the funding of (scientific) research project costs. A total of 24 research projects have been funded in 2017 and in the meantime four of these projects are completed in 2017. In 2017 the LRI initiated also a Spring Meeting which is held annually and a workshop on operational research in Ethiopia. Please refer to the overview of research costs on page 11 for the specification of the project expenses. The LRI has spent a total of € 1,006,081 on research funding and running costs in 2017.

	Realisation 2017	Budget 2017	Realisation 2016
	in €	in €	in €
<i>Research</i>			
- Research projects funding	831,434	1,028,696	887,383
	<u>831,434</u>	<u>1,028,696</u>	<u>887,383</u>

The actual research project costs were 19% lower than budgeted due to a few LRI projects which were scheduled in May 2017 to start their activities and are still ongoing. However the budgets for the research projects are year budgets and also allocated yearly, and from the moment a proposal is granted the project should start within six months. The research project overview on page 11 specifies the granted funds per (scientific) research project.

Including the amount co-financed by Turing Foundation the total budget allocated under the LRI policy in 2017 sums up to € 1,472,867.

	Realisation 2017	Budget 2017	Realisation 2016
	in €	in €	in €
<i>Running costs</i>			
- Staff, housing and office costs	156,226	179,000	157,557
- Other operating expenses	<u>20,691</u>	<u>20,500</u>	<u>50,664</u>
	<u>176,917</u>	<u>199,500</u>	<u>208,221</u>

LRI has no staff members, all staff is employed by NLR. Due to this fact, NLR runs the LRI's secretariat, therefore the running costs mainly involves wages, salaries, pension costs (insured with Pensioenfonds Zorg en Welzijn), social security charges to the amount of € 132,295 and other charged support costs for the LRI secretariat officers to the amount of € 23,931. These costs are reimbursed to NLR. In 2017 on average equivalents 1.8 fte were employed via NLR in the LRI secretariat in Amsterdam. The LRI has no staff employed abroad during 2017. For the LRI secretariat officers the NLR standard terms, benefits and conditions of employment apply.

In 2017 the total running costs were 12% lower than budgetted due to a staff turn over. From September 2017, the vacancy of the LRI position has been filled.

The staff costs for the LRI officers arrived at € 132,295 and can be specified as follows:

	Realisation 2017	Budget 2017	Realisation 2016
	in €	in €	in €
Wages and salaries	102,312	116,000	101,891
Social security costs	15,508	20,000	17,074
Pension contributions	10,429	11,000	11,096
Other personnel costs	<u>4,047</u>	<u>5,000</u>	<u>3,863</u>
	<u>132,295</u>	<u>152,000</u>	<u>133,924</u>

Number of LRI employees on Dec. 31	3	3	2
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In addition to these staff costs for the LRI officers, the running costs also consist of the housing and general office expenses that cannot be directly allocated to the research projects. The other charged support costs involves the housing and general office expenses at € 23,931 in 2017 (2016: € 23,634). The total staff costs of the LRI amount to € 132,295. This was 12% lower than budgetted due to a staff turn over of 0.84 fte. Due to lower expenditure in 2017 (18% lower than budgetted) to research projects, the running costs arrived at 17% of the realisation of total expenses, which is in line with the budget for 2017.

The Director of NLR and the Supervisory Board of the NLR and the Executive Group of the LRI, do their work on a voluntary basis and do not receive any remuneration for their activities.

INDEPENDENT AUDITOR'S REPORT

To: the Management Board and the Supervisory Board of Stichting Leprosy Research Initiative in Amsterdam, The Netherlands.

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of Stichting Leprosy Research Initiative based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Leprosy Research Initiative as at 31 December 2017 and of its result for 2017 in accordance with the Guidelines for annual reporting C1 "Small not-for-profit organisations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2017;
2. the Statement of Income and Expenses for 2017; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Oranje Nassaulaan 1
1075 AH Amsterdam
Postbus 53028
1007 RA Amsterdam

Telefoon 020 571 23 45
E-mail info@dubois.nl
www.dubois.nl
KvK nummer 34374865



B. Report on the other information included in the annual report

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

- the Management Board's report;
- other information;
- annexes.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the Management Board's report, in accordance with the Guidelines for annual reporting C1 "Small not-for-profit organisations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting C1 "Small not-for-profit organisations" of the Dutch Accounting Standards Board. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Supervisory Board is responsible for monitoring the financial reporting process of the organisation.

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Our audit included e.g.:

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

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

Amsterdam, 4 June 2018

Dubois & Co. Registeraccountants

Signed on original:
A.P. Buteijn RA

annex 1

**Overview of research projects with
budget comparison 2017**

Amounts in Euros

Project number		Budget 2017	Allocation 2017	Realisation 2017*)	In % of the budget
1. Current research projects					
703.15.01	INF/Delays in diagnosis & treatment	29,577	29,577	16,761	
703.15.05	IDRI/Integration of rapid diagnostic tests	51,427	51,427	51,425	
703.15.50	DSIN/BRIDGES	0	0	3,454	
703.15.07	EUR/Field evaluation of novel immunodiagn., INDIGO	205,890	205,890	205,890	
703.15.40	LSHTM/Developm. & validation severity scale ENL	6,570	0	0	
703.15.43	HSRA/Internat.collaboration for translation of Mleprae	52,267	52,267	52,267	
703.15.15	TLM India/Comparison of 3 types targeted community	53,518	53,518	53,520	
703.15.45	FIOCRUZ/Evaluation of the qPCR in household contact	4,929	4,929	5,009	
703.15.41	TLM Nepal/Helminth influences in leprosy	50,781	50,781	50,780	
709.00.20	SRC Spring & Autumn meeting (annually)	56,000	56,000	40,951	
704.16.16	TLMM/Burden of Treatment, Myanmar	2,427	0	0	
704.16.31	PUCP/Comparative sequencing, Brasil	2,618	5,236	0	
704.16.34	Enablement/Role of Christian churches, Nigeria	25,760	25,760	20,578	
704.16.36	Enablement Nepal/Agricultural Water Manag., Nepal	23,230	23,230	20,314	
704.16.43	IDEA/UN Guidelines Regarding Leprosy & Human Rights, US	15,680	15,680	5,341	
704.16.47	NLR Indonesia/Promoting inclusive & enabling environments	33,120	45,952	22,986	
704.16.49	NLR Indonesia/Map the Gap - Inclusive medical rehabilitation	14,382	44,523	38,070	
704.16.57	SIH-R & LC/To identify Mycobacterium leprae, India	21,062	21,062	21,061	
704.16.59	MSU/Biomarkers for early detection of leprosy, India/US	36,340	36,340	36,340	
704.16.71	ENLIST MTX - two randomised controlled trials in ENL	185,868	146,663	49,930	
705.17.07	LWM/Inflamed Skin Lesions Along an Area of a Peripheral Nerve	36,417	24,015	24,015	
705.17.23	TLMB/Long term attributable impact of CBR in North West Bangladesh	23,616	21,255	21,255	
705.17.30	ENAPAL/Family-based approaches self-management of disab. due to leprosy	49,947	44,947	44,947	
705.17.41	SIH-R & LC/Mobile Technology (M-Health) India	12,770	12,770	12,770	
705.17.99	ALM/Workshop on operational research ALERT	35,000	35,000	31,500	
	Completed research project differences	0	0	2,270	
	Total research costs for current projects	1,029,196	1,006,822	831,434	-3%
	2. Running costs (staff, housing and office costs)	179,000	179,000	156,226	-13%
	3. Other operating expenses	21,000	21,000	20,691	-1%
	SUBTOTAL	1,229,196	1,206,822	1,008,351	-18%
	TOTAL	1,229,196	1,206,822	1,008,351	-18%

*) The realisation is excluding co-financing from Turing Foundation (€ 441,053) and ALRA (€ 44,042)

annex 2

Budget Stichting Leprosy Research Initiative (LRI) 2017

Amounts x €1,000/ in Euro thousands

Main Group	Specification	Budget 2018	Realisation 2017	Budget 2017
<u>Income:</u>				
-Income from contributors *)	ALM	273	271	271
	Damien Foundation	20	0	0
	effect:hope	133	131	131
	GLRA/DAHW	183	181	181
	TLM International	133	131	131
	TLM Ireland	20	20	20
	NLR	350	350	350
- Other income	Turing Foundation	19	22	23
	Others	0	2	0
Sum of income		1,130	1,110	1,108
<u>Expenses:</u>				
Expenses on the Objectives:				
-Research project costs		1,093	831	1,029
	TOTAL RESEARCH PROJECTS BUDGET	1,093	831	1,029
		1,093	831	1,029
-Running costs (via NLR) and other operating expenses		227	177	200
		227	177	200
Sum of expenses		1,320	1,008	1,229
Result		(190)	102	(121)
Accumulated joint fund balance 2017			30	
Accumulated joint fund balance 2018			102	

*) Turing Foundation has cofinanced a total of € 441,053 to research projects in 2017 (2015: € 443,538). ALRA cofinanced a total of € 44,042 (2016: € 20,795) towards two research project. The total allocated funding, including cofinancing by Turing Foundation and ALRA via the LRI is € 1,501,105 in 2017 (2016: € 1,590,101).

annex 3

Multi Annual Budget Stichting Leprosy Research Initiative (LRI) 2018-2020

Amounts x €1,000/ in Euro thousands

This overview shows the budget and projection for the upcoming three years:

	Budget 2018	Projection 2019	Projection 2020
Income:			
Income from contributors	1,130	1,130	1,130
Sum of income	1,130	1,130	1,130
Expenses:			
Expenses on the Objectives:			
- Approved Leprosy research projects (ongoing)	725	710	272
- Funding of new research projects	368	207	645
	1,093	917	917
Running costs	227	213	213
	227	213	213
Sum of expenses	1,320	1,130	1,130
Result	(190)	0	0
	=====	=====	=====

annex 4

Leprosy Research Initiative (LRI)

Management Board

From

Netherlands Leprosy Relief (NLR)

1-6-2015

Executives Group

The LRI Executives Group (EG) consists of the executive directors of the LRI partners.

Mr B. Simmons
President/Chief Executive Officer; American Leprosy Missions

Mr B. Kömm
Chief Executive Officer; German Leprosy Relief Association

Mr P. Derrick
Chief Executive Officer; effect:hope The Leprosy Mission Canada

Mr B. Morgan
Director; The Leprosy Mission International

Mr J. van Berkel
Director; Netherlands Leprosy Relief (Chair)