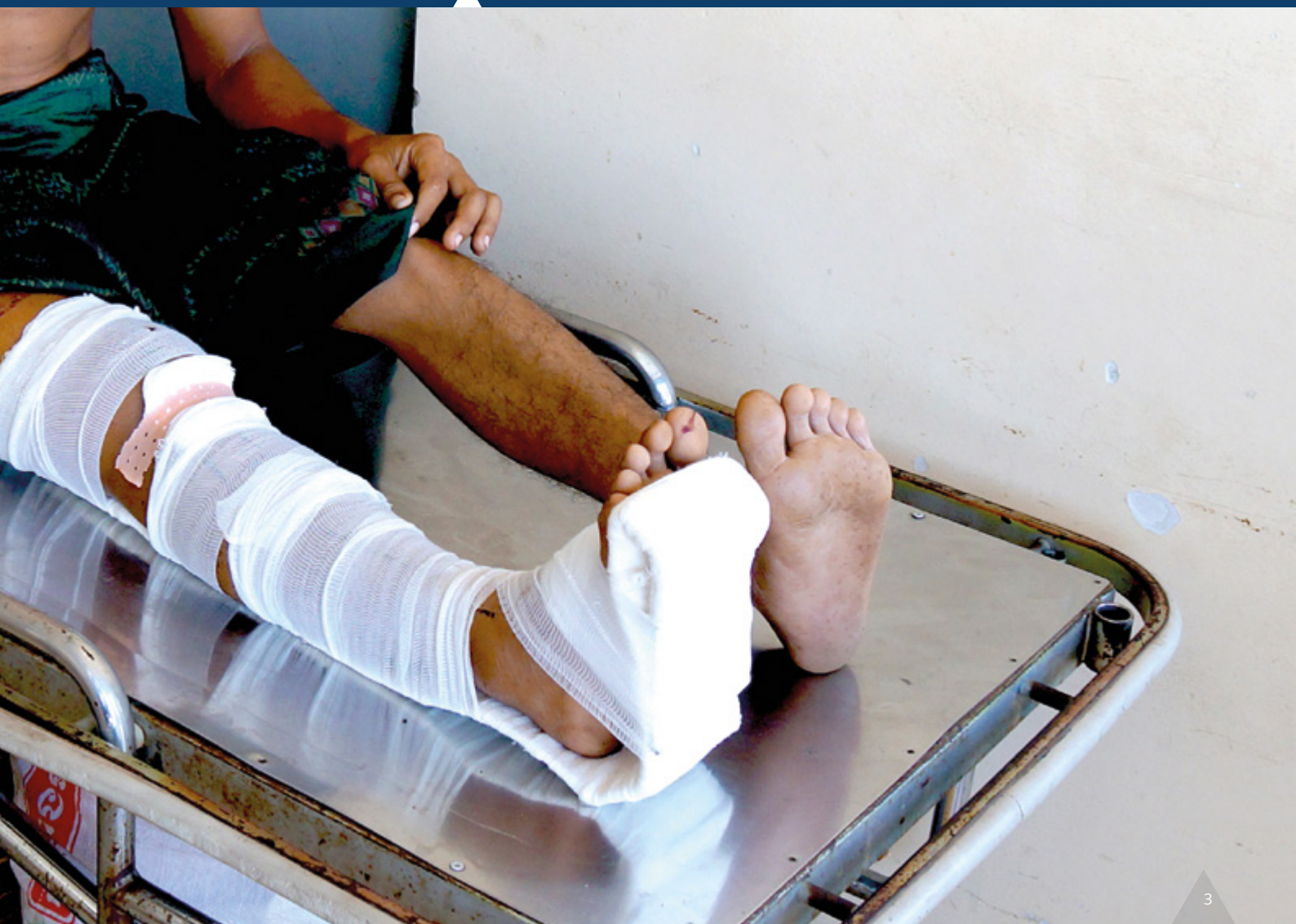
AO Alliance Foundation

2015

AO Alliance Foundation

Annual Report
and Summary of
Financial Statements



Welcome Message

Welcome from our **Chair** and **Managing Director**

AO Alliance Foundation

Welcome Message

The year 2015 marked the official launch of the AO Alliance Foundation (AOAF) and the start of a new future for many lives in Africa and Asia. Despite our fledgling status, we have already made an immediate impact on fracture care – one of the most neglected global issues – highlighting the need for healthcare standards to catch up with economic development. Through our first country initiative in Malawi, collaboration initiatives with different non-governmental organizations (NGOs) and diverse strategic initiatives, AOAF has established a firm foothold in two continents and is well poised to empower more medical professionals in changing lives for the better in low- and middle-income countries (LMICs) through education, fellowships, clinical research and infrastructure support.

Playing a unique and indispensable role in the global ecosystem of public health NGOs, we are determined to put a stop to avoidable mortality and disability by introducing standards of care for fractures that the developed world has long taken for granted. While development has certainly lifted many out of poverty, trends such as rapid motorization have left behind a trail of crippled lives, hobbling the prospects of families and entire communities. Indeed, trauma claims some 5.8 million lives annually and ranks third among causes of death for people under the age of 40 worldwide. As barriers to the transfer of knowledge and skills in fracture care are comparatively low, capacity building thus represents a sustainable and cost-effective approach to improving livelihood and wellbeing.

AOAF has come a long way – literally logging tens of thousands of miles – since December 13, 2014, when our "Founding Fathers" gathered in the Swiss alpine city of Davos and signed our Charter. They envisioned an independent organization that would build on the legacy of the AO Foundation (AOF) for improving fracture care around the world, while giving the cause the dedicated focus it needs and deserves. One of our first milestones was reached when the Board confirmed six LMICs in Africa and Asia – Malawi, Ethiopia, Ghana, Senegal, Myanmar and Nepal – to be the focus of our initial efforts.

A highlight of AOAF's achievements this past year was the establishment of core activities in Africa and Asia, highlighted by the launch of our first country initiative in Malawi. Initiated with the College of Medicine of Malawi and the country's Ministry of Health, the Malawi Country Initiative is a 5-year project that aims to double the number of trauma and orthopaedic surgeons and residents focused on fracture care in Malawi. We achieved significant progress in another LMIC in Africa – Ethiopia. Building on our extensive network of surgeons and operating room personnel (ORP) in the country, we designed a blueprint for that country's fracture care initiative and have begun implementation.

As a first step toward resolving disparities in global fracture burden, a trauma registry is being established in select medical institutions in Malawi and Ethiopia to identify common trends in diagnosis, management, complications and outcomes of orthopaedic trauma. We also

more than **60** **educational events, reaching over** **6,500** **healthcare professionals** …across more than **25** countries

developed “Fracture solutions for Africa”, a 3-year pilot programme aimed at reducing disability and mortality resulting from musculoskeletal trauma by improving clinical care provided by doctors, nurses, healthcare workers and first interveners through education and training.

Information sharing is a key dimension of capacity building. In 2015, we held more than 60 educational events, reaching over 6,500 healthcare professionals involved in fracture care in harsh environments across more than 25 countries. Furthermore, AOAF surgeons working and living in these forbidding conditions led the development of new content for the long bone injury curriculum. These educational initiatives not only helped to establish our reputation in both continents as an ethical and trustworthy partner, but also illustrated our philosophy: to support local healthcare professionals in finding solutions to local patient fracture care problems, using locally available resources.

Given limited resources, collaboration represents the best approach to delivering impactful programmes. This past year, we developed collaboration initiatives with a number of highly regarded partners, including the Australian Doctors of Africa (ADFA), the G4 Alliance, the UBS Optimus Foundation, Sesame Workshop (Sesame Street) and the AOF. We also worked closely with individual AO surgeons on projects that are dear to their hearts and make the most of their local knowledge and medical expertise. The use of technology is another important way of maximizing our reach. We are particularly encouraged by the enthusiastic response to our first webinar in October 2015, which connected 180 participants worldwide in exploring solutions to open tibia fracture management in low-income countries (LICs).

Looking ahead, we are excited to build on the excellent foundation laid in 2015. Besides continuing with initiatives already in place, we will be growing the scale and reach of our efforts across the six target countries. Among the new programmes will be the Ghana Country Initiative and “Paediatric fracture solutions for Ghana”. In Asia, we will establish a bioskills training centre in Yangon and develop a “Trauma roadmap for Myanmar”, drawing insights from a needs assessment exercise conducted during this past year. Previous activities existing under AOF will be completely transitioned into “Fracture solutions for Africa” and “Fracture solutions for Asia”; while needs assessments will be conducted in Ghana and Nepal as part of the groundwork for future projects. These are only some of the activities planned for 2016. To raise awareness and ensure the long-term sustainability of our

work, we will build on the successful launch of our website and explore ways to develop a suitable donation platform.

AOAF could not have achieved such a remarkable first year without the support of our staff and our extensive network of volunteer surgeons, nurses and other healthcare professionals. Always sharing in our vision, they contributed their skills and inspired us with their commitment to making a difference. For that and more, we offer them our sincerest gratitude. We would also like to thank the AOF and the Hansjörg Wyss Medical Foundation for their financial support, which made our successful start possible.

The financial performance was strong despite the challenges posed by increased activity and start-up operational demands. The Financial Result of CHF 1,570 million reflects the delayed start of certain country initiatives and larger projects. The ever-changing political and safety situation continues to add to this volatility.

In presenting our work through this report, we wanted to share with you the inspiration behind our labour and hoped you would find in it reasons to support us in the future. Stay updated on our latest initiatives by visiting www.ao-alliance.org; and never hesitate to write to us at cmartin@ao-alliance.org with your thoughts and feedback.

Dr Rolf Jeker
Chair

Dr med Claude Martin jr.
Managing Director

List of Acronyms

ADFA Australian Doctors for Africa
AGI African Governance Institute
AIDS Acquired immune deficiency syndrome **AO** Arbeitsgemeinschaft für Osteosynthesefragen (Association for the Study of Internal Fixation) **AOAF** AO Alliance Foundation **AOF** AO Foundation **AO SEC** AO Socioeconomic Committee **BLH** Black Lion Hospital **ECSAOA** East, Central and Southern Africa Orthopaedic Association **HIV** Human immunodeficiency virus **LIC** Low-income countries **LMIC** Low- and middle-income countries **MoH** Ministry of Health **NGO** Non-governmental organization **NORHED** Norwegian Programme for Capacity Development in Higher Education and Research for Development **OCO** Orthopaedic clinical officer **ORP** Operating room personnel **R&D** Research and development **RTA** Road traffic accident **SADC** Southern Africa Development Community **SSA** Sub-Saharan Africa/Sub-Saharan African **TB** Tuberculosis **T&O** Trauma and Orthopaedics **UN** United Nations **UNECA** United Nations Economic Commission for Africa **WHO** World Health Organization

1.

Fracture Care – A Neglected Area of Need

Fracture Care – A Neglected Area of Need

Every year, trauma kills over five million people – 32% more than the number of deaths resulting from HIV/AIDS, tuberculosis and malaria combined. The situation is worsening, as the World Health Organization (WHO) predicts that trauma will rise to third place on its list of health burdens by 2020, quietly making injury and fracture a global epidemic.

The increased use of motorized transport in LMICs, together with the fast pace of their economic growth, have led to an ever-rising number of injuries in countries with nascent trauma care systems. Even though the numbers are falling in developed countries, thanks to injury prevention and improved trauma care, the global rates of injury remain on an upward trend as the bulk of the world's population reside in LMICs.

For every person that dies from injury, many more will suffer a temporary or permanent disability. In LMICs, where it can often take days just to reach a hospital, injury often translates into dire consequences for patients and their families, as well as a huge burden to society because of limited treatment capacity, lack of orthopaedic surgeons and healthcare workers, and poor access to fracture care.

"Every patient sustaining a fracture in a low-income country should be able to access safe care, appropriate for their injury, and expect to return to normal, productive life."

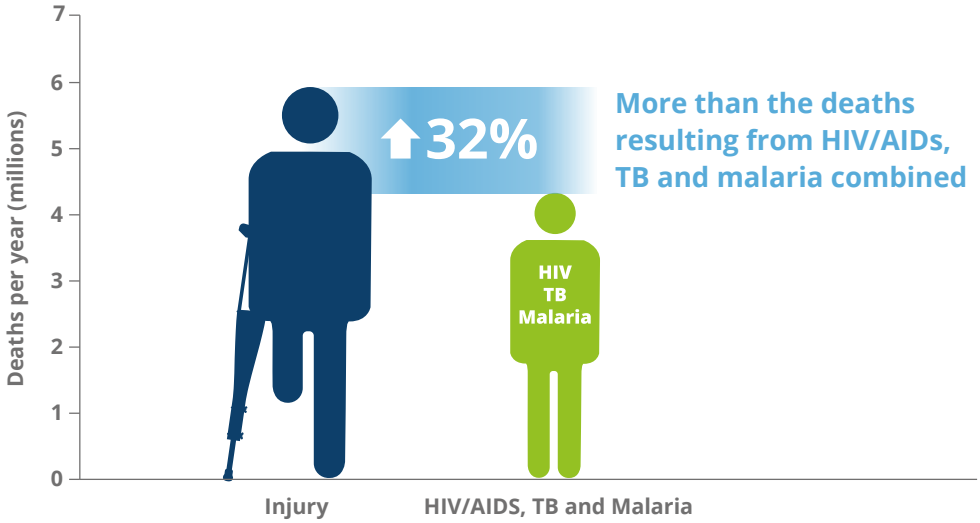
Dr Jim Harrison
AOAF Director for Africa

While closed head injuries and visceral injuries are the predominant cause of death, musculoskeletal injuries are a common source of morbidity. The effect of non-fatal injuries is likely much greater than that of fatal injuries. Up to 50% of those injured in LMICs receive no medical care, and a substantial number receive services at a primary health facility staffed by a non-physician care provider.

This profound capacity shortage needs to be recognized as a global crisis. We can begin to gradually address the disparities in global fracture burden through better global awareness and collaborative partnerships, as well as sustainable and adapted national training and education programmes led by local and national surgeons. In the meantime, the simple application of basic fracture treatment in resource-constrained countries can drive outcomes toward the levels in high-income countries.

Providing a full complement of trauma and fracture care services might well be currently beyond the means of most LMICs; but we can still design and deliver a core basket of goods and services that would materially help fracture care patients.

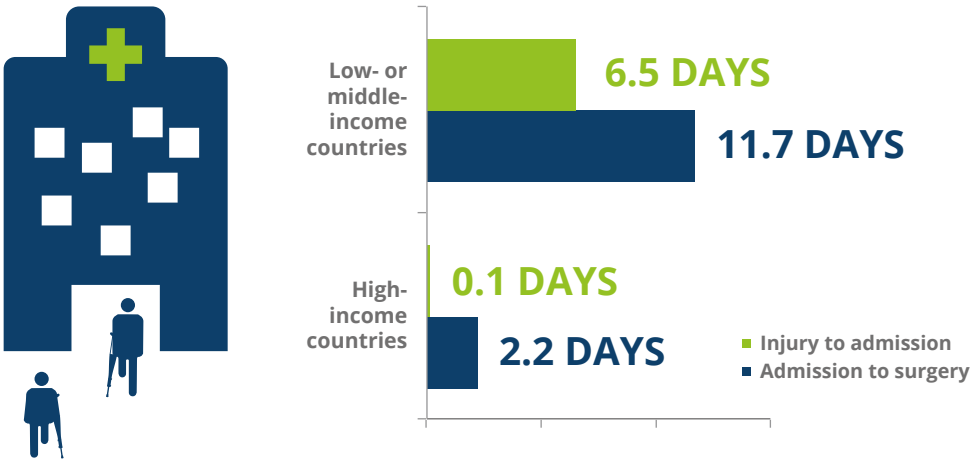
We recognize the problem is complex, but we are fully committed to making a difference in the care of patients who sustain musculoskeletal injuries in LMICs.



5.07 million (10%) of deaths around the world are caused by injuries

Non-fatal injuries that do not receive adequate care have long-term consequences, including:

It often takes DAYS for patients with fractures in low-income countries to reach a hospital



2.

The AO Alliance Foundation

The AO Alliance Foundation

For many years, the AOF has been working in the developing world, mostly through the AO Socio Economic Committee (AO SEC). Maintaining a presence in 18 countries in Africa, nine in Asia Pacific and one in Latin America, the AO SEC worked diligently to improve fracture care in LICs by providing education and training for surgeons and operating room personnel (ORP).

To strengthen the AOF's engagement in developing countries and to further build on its invaluable work, the AOF created the AOAF. As a completely separate legal entity from the AOF, AOAF will wholly dedicate itself to improving the care of musculoskeletal trauma and neglected trauma cases (i.e., new and old injuries to long bones in the arms, legs and hands, as well as injuries to the spine, face and head) in LMICs – initially in Africa and Asia.

On December 13, 2014, the “Founding Fathers” of AOAF signed our Charter and formally established the new Foundation. Those were: Chris Colton, Paul Demmer, Norbert Haas, James Hughes, James Kellam, Peter Matter, Joseph Schatzker, Chris van der Werken, John Croser, René Marti and Hansjörg Wyss.

Although only officially launched in January 2015, AOAF had already started to perform country needs assessment work in Malawi and Myanmar, two of our initial target countries. At the same time, we began developing the key curricula items needed to create customized fracture care education for LMICs. From that point, AOAF assumed all of the 2015 scheduled activities of the former AO SEC.

The initial funding for AOAF comes from two major sources: the AOF itself and the Hansjörg Wyss Medical Foundation. Through philanthropy and fundraising initiatives, and with the support of the strong AOAF network of surgeons and collaborators, AOAF will be able to dedicate the bulk of its efforts to capacity-building programmes.

AO Alliance Foundation

Our ambition is to become a household name for elevating fracture care in the developing world

Our ambition is to become a household name for elevating fracture care in the developing world by being "recognized as a partner that is a real alliance, working with local surgeons on 3- to 5-year programmes to build sustainable local capacity”.

Our Team

AOAF's dedicated team is headed by our **Managing Director, Dr med Claude Martin jr.** (former AOTrauma Executive Director), who has been working exclusively with us since the end of January 2015. He is supported by **Polly Bühler, Project Coordinator**, who previously worked for the AO SEC.

Surgeon leadership in Africa and Asia is vital to implementing and delivering AOAF projects and programmes. **Dr Jim Harrison (UK), Director for Africa**, Dr Wilfred Addo (Ghana), coordinator for English-speaking Africa, Dr Sylvain Terver (France), coordinator for French-speaking Africa, and **Dr Ram K. Shah (Nepal), Director for Asia**, form the key pillars driving the network in these two continents.

Our ever-increasing network of healthcare professionals, volunteers and contributors, covering more than 20 countries in Africa and eight countries in Asia, should ensure the success of our mission over time.

3

Our Mission and Approach

Our Mission and Approach

WHAT Our Mission Is

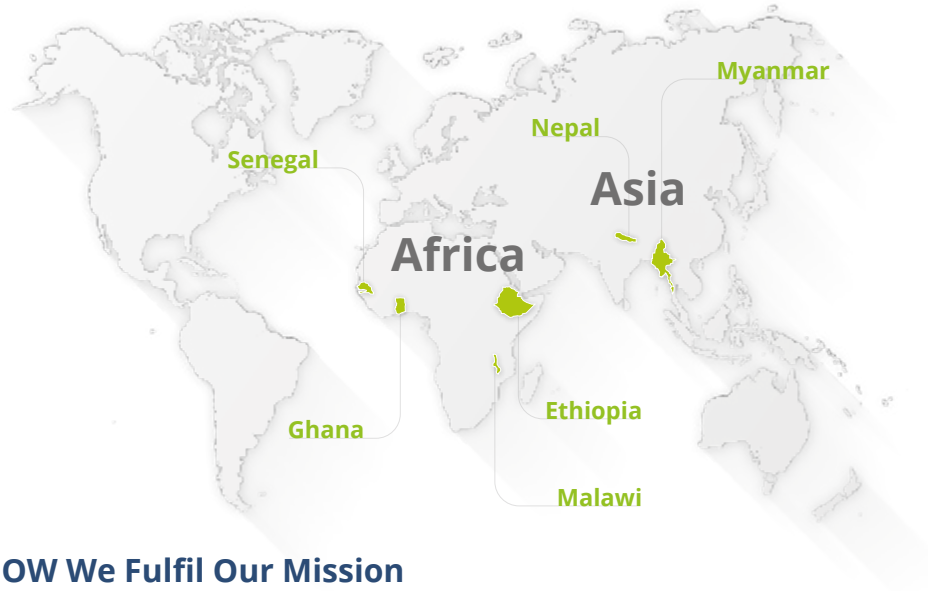
The AOAF is a new developmental non-profit organization dedicated to improving fracture care for needy patients in LMICs.

WHO We Serve

During the initial task force meetings of February and May 2014 that led to the creation of the AOAF, it became clear that AOAF could not be everything to everyone. Given that we wanted to create as much impact as possible in our launch year, we had to be selective with the initial "target countries". A set of de facto conditions was established:

- The country must be a World Bank classified LMIC, defined by gross national income per capita.
- It must possess an established AOAF surgeon leadership in the target country.
- Ideally, it should be a former AO SEC target country.
- Countries least affected by political and natural situations would be given priority.

The Board confirmed a list of six countries at its inaugural Board meeting in April 2015.



HOW We Fulfil Our Mission

AOAF is committed to fulfilling our mission by working with local medical personnel and healthcare workers, with the objective of supporting the development of fracture care solutions tailored to the unique local conditions prevailing in targeted LMICs.

The scope of fracture care solutions includes: long bones fractures, spinal fractures and cranio-maxillo-facial fractures.

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All AOAF programmes, projects and activities are grouped under country, collaboration and strategic initiatives:

Country Initiatives

Country Initiatives represent the biggest commitment and major thrust of our activities. Using tailored needs assessment interventions, we will develop specific capacity-building programmes aimed at improving fracture care in LMICs. Each programme is established with a list of clearly stated objectives to be achieved over a given time period, together with a clear plan of activities, infrastructure, funding and human resources required for its implementation.

Collaboration Initiatives

Collaboration Initiatives consist of activities and projects where we work with others at the national, regional and international level. AOAF always looks for like-minded organizations and due diligence to ensure accountability and stability.

Strategic Initiatives

Strategic Initiatives cluster large and small strategic projects for AOAF, including numerous independent AO Surgeons' projects. Many of our larger multiple-country educational programmes make up this important section of our activities.

Channels to Building Local Capacities

All of our programmes, projects and activities grouped under these initiatives are developed around four major categories of competencies: education, fellowships, clinical research and outcomes, and clinical services support.

HOW We Direct and Monitor Our Work

AOAF implemented a project cycle and control system to ensure full transparency and direct all of its activities, including procurement, disbursement, monitoring and verification.

We retained the Société Générale de Surveillance of Geneva (SGS), operationally active in all AOAF target countries, as an external independent verification and inspection agency. By ensuring the adequacy of our internal control and anti-corruption mechanisms, the work of an independent agency provides additional assurance to donors that funds will be properly spent, controlled and accounted for.

Channels to building local capacities	
Education	Specifically developed fracture care education programmes for both non-operative and operative care appropriate for LMICs. Providing financial assistance to disadvantaged medical personnel to pursue their education as part a larger country initiative programme. Includes long bone fractures, pelvic and acetabulum, spinal trauma and facial fractures and injuries. Acute and late presentation deformities and conditions are considered.
Fellowships	Providing clinical fellowship and reverse fellowship opportunities to residents, established practicing surgeons, nurses and other health workers from austere environments to further develop their fracture management skills.
Clinical research and outcomes	Sponsor prospective clinical research and trauma registries to deliver data on the current fracture situation in order to guide the development of specific programmes aimed at improving fracture care. Assist young investigators in starting small clinical research projects. Facilitate publication of investigators' research in international peer-reviewed journals. Promote development of clinical research programmes within national institutions to sustain databases and the ability to share information with others.
Clinical services support	Support the setup of hospitals, clinics, etc. for providing medical facilities to the needy and poor. In select projects, participate with partners in the necessary building infrastructure required to provide fracture care (e.g., operating theatres, skills laboratory).

4

Governance

Board Members

AO Alliance Foundation

The AO Alliance Foundation (AOAF) Board

The AOAF Board has overall responsibility for the Foundation's strategy, policy and delivery.

AOAF Board Members
Rolf Jeker – *Chair,* Zug, Switzerland
Joachim Prein – *Vice-Chair,* Basel, Switzerland
Jean-Daniel Gerber – Bern, Switzerland
Abdoulie Janneh – Dakar, Senegal
Manjul Joshipura – Ahmedabad, India
Jaime Quintero – Bogotá, Colombia

Permanent Board Guests
Jim Harrison – Chester, UK
Ram K. Shah – Kathmandu, Nepal

Meet our Board Members who help steer the AOAF with their experience, expertise and dedication.

Rolf Jeker
Chair

Rolf Jeker is the Chair of the AO Alliance Foundation, CEO of the AO Foundation and Vice-Chair of the AO Foundation Board.

Previously Senior Executive Vice-President of Société Générale de Surveillance, Dr Jeker has also served as an Ambassador and Under-Secretary of the Swiss Government for Foreign Economic Relations. For a considerable time, he headed the Swiss Foreign Economic Development Assistance Program and served as an Executive Director in the African Development Bank and Alternate Governor to the Asian, Inter-American and African Development Bank. He has successfully headed economic missions to over 90 countries, particularly in emerging and low-income countries, and countries in transition.

Dr Jeker holds a PhD in economics and business management from University of St Gallen, Switzerland, and an honorary doctorate from the International University Geneva.

Joachim Prein
Vice-Chair

Joachim Prein is a cranio-maxillo-facial surgeon as well as a dentist. Involved with the cranio-maxillo-facial clinical division of the AO Foundation (AOCMF), Dr Prein has authored many publications on the cranio-maxillo-facial reconstructive and corrective bone surgery principles of internal fixation using AO/ASIF techniques.

Having served as the Professor and Chairman for cranio-maxillo-facial surgery and reconstructive surgery at University Basel in Switzerland from 1986 until 2001, Dr Prein became the President of AO International in 2005 and became involved with the former AO SEC in 2009. He was the last reigning Chair of the AO SEC committee until December 2014, providing continuity with the former AO SEC into the AO Alliance.

Dr Prein is an honorary trustee of the AO Foundation.

Jean-Daniel Gerber
Board Member

Jean-Daniel Gerber currently chairs the Board of Swiss Investment Fund for Emerging Markets (SIFEM) and is a board member of Lonza Group AG. He is also the chair of the Swiss Society for Public Good and the Association of "Swiss Sustainable Finance".

Throughout his career in government service, Mr Gerber held key positions in trade, development co-operation, diplomacy, finance, migration and economics. He was previously Executive Director and Dean of the World Bank Board, and Director of the Federal Office for Migration at Switzerland's Federal Department of Justice and Police. He became State Secretary and Director of Switzerland's State Secretariat for Economic Affairs (SECO) in 2004 until his retirement from this post in 2011.

Mr Gerber received an honorary doctorate from the University of Berne. His maxim is "Ut melius fiat" (turn it to the better).

Abdoulie Janneh
Board Member

Abdoulie Janneh is a former United Nations Under-Secretary General and Executive Secretary of the UN Economic Commission for Africa (UNECA). Since 2012, Mr Janneh has served as Executive Director/Board Member at the Mo Ibrahim Foundation. He is based in Dakar, Senegal.

Mr Janneh successfully completed a 7-year tenure at the helm of the UNECA, an institution with the dual role of being the regional arm of the United Nations in Africa as well as a key Pan-African institution. During his leadership of UNECA, Mr Janneh took steps to strategically re-position the organization to better support Africa's development agenda. He also serves on the Boards/ Advisory Panels of a number of organizations involved in Africa's development, including the Africa Forum of Former Heads of State and Government, and the African Governance Institute (AGI), among others.

Manjul Joshipura
Board Member

Manjul Joshipura is a Consultant Orthopaedic and Trauma Surgeon, and Director of the Academy of Traumatology in India. Until January 2013, he led the trauma care programme at the WHO in Geneva and contributed to research, policy development, advocacy and WHO guidelines for emergency, pre-hospital and trauma care. Dr Joshipura pioneered structured education and quality improvement efforts in trauma care in India and several other countries in Asia and Africa, and has been a consultant on trauma and emergency care to the World Bank, Gates Foundation, National Institutes of Health and several governments. He is also incoming President of the International Association of Trauma Surgery and Intensive Care.

Dr Joshipura graduated from Gujarat University and completed his higher surgical training in the UK. As an AO Alumnus, he completed his AOTrauma fellowship in Stedspital Triemeli, Zurich, and is a Rowan Nicks Scholar of the Royal Australasian College of Surgeons. Dr Joshipura has authored several publications and books on the care of the injured. He is on the international editorial board of Injury and serves on the International Coordinating Council of Bone and Joint Decade.

Jaime Quintero
Board Member

Jaime Quintero became President of the AO Foundation in 2012. He began his medical training in Bogotá, Colombia, and completed his residency in Orthopaedics and Traumatology in Sao Paulo, under the mentorship of Professor Jose Soares Hungria Neto, one of the surgeons who introduced AO philosophy and techniques to Brazil in the late 1970s.

Professor Quintero acted as a liaison when one of the AO Foundation Founders, Professor Hans Willenegger visited Sao Paulo in 1983, and subsequently completed an AOTrauma Fellowship in Augsburg, Germany. The connection he formed there with the AO Foundation has grown throughout his career. He was elected as a member of the AOF Board of Trustees in 1988 and became a member of the AO SEC a few years later. Actively involved in AOF teaching activities in his home country as well in the rest of Latin America, Professor Quintero became one of the Founders and the first President of the AO Latin America region (AOLAT) in 1998. During his Presidency of the AOF, the AO Alliance Foundation was established in 2014.

5

Achievements in 2015

Achievements in 2015

Building Solid Foundations for the AOAF – A Successful First Year

Driven to improve fracture care in LMICs, Dr Claude Martin jr., Managing Director of the AOAF, crisscrossed 20 countries in 2015. During this intensive year of travel, he had the opportunity to interact with extremely motivated surgeons, nurses, clinical officers and others who greeted him with high expectations.

The interventions of AOAF aim to achieve its objectives through mid- and long-term sustainable local capacity-building programmes. These can include financing for education, fellowships, clinical research and clinical services support.

These programmes can be country-specific or global in nature. The country-specific programmes are aimed at the least developed countries. The global programmes can address medically critical and relevant issues such as:

- Trauma care strategy plans
- Financing platforms to promote crowd financing for AOAF but also AO Surgeon projects
- Nonoperative fracture treatment
- Trading platform for second-hand equipment within a controlled chain of custody
- Telemedicine to reach and assist in remote areas

"I believe that no other institution is able to translate current knowledge into meaningful, operational activities at the country level better than we can."

Abdoulie Janneh,
Board Member of AOAF

AOAF used 2015 primarily to define its long-term mission: the improvement of fracture care in LMICs. To begin fulfilling this ambitious objective, we implemented the business processes necessary for such an endeavour. Operationally, we performed needs assessments in Ethiopia and Myanmar, launched a comprehensive country initiative in Malawi, and began a pilot project in Myanmar.

We also focused on building up our basic infrastructure, including branding, information technology, human resources, personnel, and the securing of office space in Davos, Switzerland. We launched our website in July 2015. Most of our projects had to be developed from the ground up, and one of our greatest challenges was establishing an effective governance structure.

AOAF Board

The new AOAF Board, with the exception of one vacant position, was appointed in June 2015. AOAF can now rely on six highly reputable and experienced members who collectively contribute to our development with the right set of medical and management skills (Trauma &

currently **only 9 T&O surgeons in Malawi,** a country with **17 million people**

Orthopaedics [T&O], emerging economies), regional knowledge (Africa and Asia), and access to both decision-makers and prospective partners needed for the fulfilment of our mission.

Country Initiatives

Malawi Country Initiative

The first AOAF country initiative is already underway as we launched the Malawi Country Initiative on 1 December 2015 in Blantyre, Malawi.

More than 50 guests, representing various medical organizations from Malawi and abroad, attended this historic event. Hosted in collaboration with the Surgical Association of Malawi, the College of Medicine, the Queen Elizabeth Central Hospital (Blantyre) and the Kamuzu Central Hospital (Lilongwe), this event brought together government representatives, leaders of surgical and trauma societies, and non-profit organizations, united in their commitment to advocating for the prioritization and improvement of fracture care for all Malawians.

Distinguished speakers highlighted the core themes at the heart of the AOAF's mission and activities. Special guest speakers included the Honourable Dr Peter Kumpalume, Minister of Health, Malawi; Professor Nyengo Mkandawire, Professor of Orthopaedics and Head of Surgery at University of Malawi, College of Medicine; Dr Sven Young, Consultant Orthopaedic Surgeon at the Kamuzu Central Hospital in Lilongwe; and Dr Jim Harrison, AOAF Director for Africa.

The AOAF Basic Principles of Fracture Management Course, a joint event sponsored by the AOAF and the East, Central and Southern African Orthopaedic Association (ECSAOA), took place just prior to the launch. The first such Basic Principles Course in Blantyre was held nine years ago in 2006. Given our medical expertise and knowledge of Malawi, the AOAF is uniquely positioned to carry out this 5-year capacity-building project aimed at strengthening fracture care and local capacity for Malawi's neglected fracture patients.

Being one of the poorest countries in Africa, Malawi was chosen as one of six countries initially qualifying for a detailed needs assessment. Factors such as a long-standing presence in Malawi due to historical AO SEC activities, the presence of AO surgeons, such as Dr Jim Harrison, and a local group of dedicated surgeons, together constituted the pre-conditions for successful outcomes.

There are currently only nine T&O surgeons in this country of 17 million people, and trauma remains one of the major causes of hospital admissions. The project aims to increase existing local capacity in terms of a) number of surgeons and surgical trainees and b) number of patients being adequately treated surgically, while c) increasing the quality and experience of surgeons, ORPs and other healthcare professionals.

Importantly, the project involves a number of local and international partners, including the Haukeland University Hospital (Bergen, Norway), the Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED), the SIGN Foundation and the Ministry of Health of Malawi. To achieve

these overall and holistic outcomes, we proposed a number of complementary activities in education, clinical care and clinical research. This CHF 5 million, 5-year, multi-facet programme is to be implemented in tranches, beginning with the building of two new operating theatres at the Queen Elisabeth Central Hospital in Blantyre. These will double the number of fractures that can be treated by operative intervention. In addition, two recently graduated T&O surgeons are now working at the Kamuzu Central Hospital in Lilongwe, while the Ethics Board has approved the trauma registry projects and the fracture care initiative impact assessment. Other key elements of the Malawi Country Initiative include:

- Development of two surgical referral centres with capacity for 1,500 fracture surgeries per annum and postgraduate training (residents).
- Establishment of additional residency positions with 14 Malawian T&O residents in training.
- Placement of two trained, active Orthopaedic Clinical Officers (OCO) in each of the 24 district hospitals providing safe non-operative fracture care and appropriate referrals for all injured adults and children.
- Revitalization of the OCO training school to certify 20 students every 2 years, with excellent non-operative skills.

Making a difference in Ethiopia

In Ethiopia, proper fracture and trauma care remains scarce. As commonly seen in other LMICs, a plethora of local factors contribute to a suboptimal surgical environment that leaves much to be desired in terms of fracture management.

about 50 T&O surgeons serving a country with more than **96 million people**

The number and distribution of surgeons specializing in T&O is also far from adequate. There are only about 50 T&O surgeons serving a country with a population of more than 96 million. Moreover, 80% of these doctors practice in Addis Ababa, Ethiopia's only city with a population of over four million.

The T&O residency programme at the Black Lion Hospital (BLH) in Addis Ababa is the country's main trauma programme, training 20 residents annually. While the quality of training requires further improvement, it is fortunate that most residents choose to remain in Ethiopia after completing their training rather than emigrate in search of more lucrative careers.

To address this situation, the Ministry of Health (MoH) of Ethiopia developed

a strategic plan that calls for the establishment of a network of regional hospitals able to cover the country's increasing trauma burden.

AOAF also recognized the fracture treatment gaps prevailing in Ethiopia, and convened a needs assessment meeting that took place in Hawassa, Ethiopia, on 23–24 September 2015. Attendees included 18 participants: residents, surgeons and healthcare executives, including the CEO of Australian Doctors for Africa (ADFA), Dr Graham Forward. ADFA, an Australian-based non-profit organization with a presence in Ethiopia for over 20 years, specializes in supporting infrastructure development and providing equipment for fracture care.

The consensus was that there were two large areas of intervention where we could make a difference:

- Education, with emphasis on the residency programme at BLH and the regional trauma referral hospitals under development:
  - Educational support for the BLH residency programme (a 5-year plan based on needs, to be reviewed annually).
  - Facilitation of various fellowships with emphasis on AOAF fellowships within AOAF Reference Centres.
  - Reverse fellowships with established terms of reference.
  - ORP training support in provincial hospitals.

- Infrastructure support based on the strategic plan of the MoH in collaboration with the ADFA:
  - 2015: Bahir Dar
  - 2016: Hawassa, Mekelle, Harar
  - 2017: Jimma, St Paul Hospital and Menelik II Hospital in Addis Ababa

Collaboration Initiatives

AOAF network development

AOAF became a member of the G4 Alliance, an advocacy-based NGO dedicated to promoting surgical, obstetric, trauma and anaesthetic care as political priorities within its global development agenda.

Collaborative projects

We established a relationship with SIGN Fracture Care International by funding the AOAF/SIGN Foundation Scholar. SIGN Fracture Care International builds orthopaedic capacity in developing countries. By collaborating with local surgeons to develop training and implants, SIGN also provides effective orthopaedic surgery for the poor.

In December 2015, the UBS Optimus Foundation, an NGO dedicated to the safety, health and education of children, agreed to endorse our "Paediatric fracture solutions for Ghana" and allocated CHF 1.5 million to the 5-year project. Aimed at reducing disabilities, morbidity and mortality

resulting from paediatric musculoskeletal trauma, the project plans to run prevention education to improve clinical care provided by doctors, nurses, allied healthcare workers, first interveners and primary-care givers. “Paediatric fracture solutions for Ghana” commenced in April 2016.

Although not originally an AOAF project, a collaboration initiative with Sesame Workshop (Sesame Street) came to life in 2015. With funding from the AO Foundation Strategic Fund, “Play Safe with Sisimpur” is a unique collaboration between the AOF, AOAF and Sesame Workshop, the world’s largest informal educator of children. “Play Safe with Sisimpur” aims at preventing childhood accidents and injury in select communities in Bangladesh. This 24-month initiative will leverage the expertise of all three partners. Using engaging, age-appropriate and locally relevant messages featuring the Sisimpur Muppets, “Play Safe with Sisimpur” seeks to improve children’s knowledge, attitudes and behaviour related to accidents as well as teaching injury prevention strategies to reduce the incidence of preventable traumatic injuries. Three categories of prevention programmes are to be developed: road safety (pedestrian and passenger), household safety (falls and burns), and playing safely outside the home (falls).

Strategic Initiatives

Teaching and training local doctors to treat fractures locally

The AOAF teaching faculty originates from French- and English-speaking countries in Africa and Asia. Working in LMICs requires acute sensitivity to cultural aspects that often differ from the norms of more developed regions. Certain country-specific regulations also pose challenges to the delivery of AOAF educational events.

Standard solutions used in developed countries for fracture treatment can be detrimental in LMICs. This is why we focus on basic fracture care training that is customized to meet specific regional needs. All our courses are based on newly developed curricula tailored for LMICs. However, the planning and delivery of the AOAF educational programmes in LMICs comply with the same rigorous standards prevailing in more developed countries.

We focus on basic fracture care training that is customized to meet specific regional needs.

The Curriculum Development Task Force met in April and October 2015. Using backward planning and modern adult education curriculum development best practices, we developed two new course templates (non-operative and operative) for long bone fracture education. Half of the curricula are already finalized, and two LMICs have agreed to pilot the new courses once the work is complete.

AOAF insisted on delivering and enhancing all of the educational activities that the former AO SEC had already committed to perform in Africa and in Asia in 2015. As a result, we conducted 60 educational

activities in sub-Saharan Africa and Asia throughout the year. Two faculty education programmes trained 30 additional AOAF faculty in both continents. AOAF can now rely on more than 200 trained faculty to promote best practice in fracture care in LMICs.

Our mandate also includes addressing fractures of the spine and the cranio-maxillo-facial anatomy, and we began working on the development of appropriate educational events covering these challenging anatomical areas.

can now rely on **more than 200 trained faculty** to promote **best practice in fracture care in LMICs**

Fracture solutions for Africa and Asia

Thanks to the established impact and reputation of the former AO SEC initiatives, and AOF's educational standing and professional human resources base, AOAF is now armed with the opportunity to become the leader in fracture care education development in LMICs.

The countries with the greatest fracture care needs often have the least human and financial resources to address the problem. Any initiative to improve fracture care must be appropriate to locally available skills and resources, and be sustainable based on future national health funding strategies. Education and professional development are probably the most sustainable and cost-effective development interventions available. Educational initiatives that can harness existing human and physical resources in a clinically more productive and effective manner are optimal in this context.

The countries with the greatest fracture care needs often have the least human and financial resources to address the problem.

Over the course of our year's work, we have identified many opportunities to impact clinical fracture care through optimizing available educational resources in several countries. The face-to-face courses and educational techniques of the larger AOF can be adapted to local needs and resources. The non-operative courses of the former AO SEC proved especially effective. In addition to delivering appropriate education with great potential to influence patient care, they helped identify surgeons truly concerned about national fracture care issues, and enabled them to engage in a meaningful way with their national health network. This fosters national communication, priority setting and referral patterns in fracture care.

Neglecting the former AO SEC's Africa and Asia fracture education heritage would entail significant reputational risks for AOAF. The "Fracture solutions for Africa and Asia" projects will ensure the preservation and even the improvement of AOAF reputation as a leader in fracture care education tailored to the available resources.

AO Surgeons' projects

Acknowledging that a collaborative approach works best to empower healthcare providers in LMICs to care for musculoskeletal injuries, we supported AO surgeons who engage in capacity building and patient care activities that directly benefit low-income patients in LMICs. We used this window of opportunity to improve existing structures and help increase the impact local surgeons and institutions can have on patient care. Our work is not about teaching and leaving. It's about developing local solutions for long-term sustainability. We want it to be lifelong and life-changing.

We reviewed 75 submitted pre-proposals through an open call, including some that could be developed into fully fledged country programmes. We funded seven projects that started in 2015 and that will continue well into 2017.

AOAF Surgeons' projects	
AOAF AO Surgeon Project: A Fracture Care Outcomes Programme Model	Dr Peter Cole (Peru)
AOAF AO Surgeon Project: Mobile Surgical Camp in Nepal	Dr Mahesh Shrivastava (Nepal)
AOAF AO Surgeon Project: Pacific Islands Trauma Surgery	Dr Hermann Oberli (Pacific Islands)
AOAF AO Surgeon Project: Principles of Facial Trauma in Africa	Dr Davis Shaye (Rwanda and Zimbabwe)
AOAF AO Surgeon Project: East Africa Orthopaedic Trauma Programme	Dr Peter O'Brien (Uganda)
AOAF AO Surgeon Project: Increased Fracture Care Capacity	Dr Carla Smith (Philippines)
AOAF AO Surgeon Project: Paediatric Fracture Care Project Cameroon	Dr Florent Anicet Lekina (Cameroon)

AOAF Medical Device Donation Platform project

Dr Rahul Vaidya, an AOTrauma surgeon based in Michigan, had been collecting outdated implants, case sets, drills and external fixators and was shipping these redundant medical devices to two hospitals, one in Haiti and one in India. In 2014, he answered AOAF's call for AO Surgeons' projects in the hope of scaling up this in-kind donation and building a global platform where redundant medical equipment could be donated to surgeons in developing countries. While AOAF did not fund his original proposal, it elected to reprise this idea as one of its strategic initiatives.

Inspired by the potential impact of this 'medical device donation platform', and equally aware of the potential risks involved, the AOAF asked an external consultant to identify how this could be realized, in a safe, secure and – over time – financially self-sustaining way. To provide a complete picture for the Medical Device Donation Platform project, a team of experts worked for 10 months

in 2015 to generate a comprehensive business plan. The objective was to test the functioning of the Platform via a pilot project using four to five target countries from the AOAF network, with the addition of India, to validate the processes and the overall business model.

AOAF's first webinar

Using webinars, essentially interactive live broadcasts of lectures on a predefined topic delivered over the Internet, we can present relevant 'hot' clinical topics live to a target audience of healthcare professionals from LICs. The audience is then able to participate actively by watching the live feed, asking questions and receiving real-time answers.

Our first webinar on 26 October 2015 was a resounding success. Presented by Subhas Shah of Nepal and moderated by Nicholas Lubega of Malawi, the webinar tackled the ever-growing challenge of open tibia fracture management in LMICs. Over 180 participants worldwide went online to participate in this virtual event. Shah and Lubega were still busy answering participants' questions well past the allotted 60-minute Q&A slot.

The webinar's success is largely the result of the indispensable support provided by the AO Education eLearning team. The entire AOAF team was likewise instrumental in executing an event both polished and professional.

Shah and Lubega noted, "The response from your audience was tremendous. They were engaged … the questions were pertinent and intelligent. The need for information was there and the knowledge gap was narrowed".

Activities in other LMICs

In addition to the country-focused initiatives directed at our six target countries, AOAF conducted educational activities (courses and fellowships) in more than 20 countries in both French-speaking and English-speaking Africa, as well as eight LMICs in Asia.

AOAF educational activities in:

- 13 French-speaking countries in Africa
- 10 English-speaking countries in Africa
- 8 countries in Asia


KMM

6

The Road Ahead – Work Planned for 2016

The Road Ahead – Work Planned for 2016 and Beyond

The year 2015 saw many of our programmes, projects and initiatives take form, receive funding and begin implementation. We are now in a solid position financially and operationally to consolidate and execute new initiatives in 2016 and beyond. In the coming years, AOAF will focus on working toward the following key outcomes:

Africa

Continued implementation of the Malawi Country Initiative

The second year of the 5-year initiative will see infrastructure projects in Lilongwe get underway. Commissioning of the operating theatres at the Queen Elisabeth Central Hospital is expected by end of year. The two clinical research proposals, one for quality assurance for surgically treated fractures and the second one establishing trauma registries, will be implemented and will begin to generate data. A recently graduated T&O surgeon will travel to India to spend 1 year on an AOAF Spine Fellowship, and will return with this added expertise to establish a basic trauma spine surgery programme in Lilongwe. Four additional T&O residents will be enrolled in the residency programme. We plan to have 20 new OCO graduates available to staff the District Hospitals.

Phase 1 implementation of the Ethiopia Country Initiative

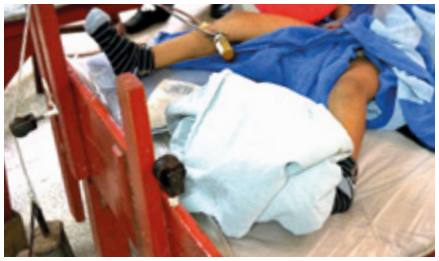
The AOAF Board has approved the following educational events for 2016:

- Bahir Dar: AOAF non-operative course
- Hawassa: AOAF operative course for ORP
- Addis Ababa (BLH): Pre-basic course for residents

The country initiative proposal will also emphasize educational support for the main residency institution (BLH) and support for one to three regional referral operative centres. Infrastructure support based on the strategic plan of MoH, in collaboration with the ADFA, is panned in Hawassa.

Execution of needs assessment in Ghana

The AOAF proposes to partner the Ghana Government and Ghana College of Physicians and Surgeons (GCPS) to raise the capacity for training T&O surgeons through the focused development of two additional sites as T&O residency centres. AOAF proposes to develop the training of all T&O residents through access to appropriate fracture care education, and development of clinical



research and audit techniques. AOAF propose to focus on two other cadres of healthcare worker essential for provision of T&O care, namely ORP and Plaster Technicians. All interventions will partner with Ghana Government bodies and aim to be sustainable.

Launch of the "Paediatric fracture solutions for Ghana" project

The goal of this AOAF project is to reduce disabilities, morbidity and mortality resulting from paediatric musculoskeletal trauma through prevention education and by improving clinical care provided by doctors, nurses, allied healthcare workers, first interveners and primary-care givers. Fractures are a common finding in paediatric trauma and frequently involve unaccompanied children. These injuries often lead to life-long complications. Our project aims for trauma prevention strategies directed at parents and primary-care givers, as well as appropriate fracture care education for various traditional and biomedical providers at various levels of care referral, from the community to the tertiary trauma centres. At the end of 4 years of intervention in Ghana, there will be a quantifiable increase in the number of healthcare workers who can deliver basic non-operative and operative paediatric fracture care, and refer complex cases appropriately to the two identified centres. Quality of care will improve, and qualitative evaluations are expected to document this change. Progress will be sustainable in human and physical costs. AOAF will be known as a regional leader in fracture care education. AOAF contacts and culture will be established in Ghana such that a platform would be available for an AOAF country fracture care initiative.

Asia

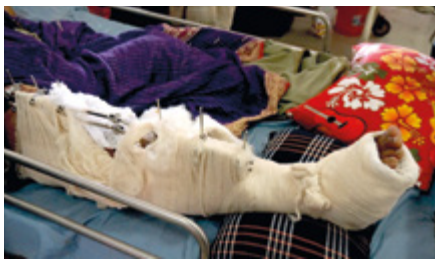
Implementation of the Sesame Workshop project, "Play Safe with Sisimpur" in Bangladesh

The new AOAF and Sesame Workshop initiative, focused on preventing childhood injuries in Bangladesh will begin in April 2016 with a Content Workshop. This 2-year initiative aims to empower children and caregivers with the knowledge and skills to practice safe behaviours at home and in the community. As a critical part of Sesame Workshop's content development and programme planning processes, the Content Workshop will convene a group of experts who will help to shape the educational framework for the project and who can speak to best practices for engaging families and communities in work around childhood injury prevention. The project will improve children's knowledge, attitudes and behaviours related to accident and injury prevention strategies and reduce the incidence of targeted preventable traumatic injuries among children aged 3–8 years in selected communities.

Bioskills training centre in Myanmar, and support for "Trauma roadmap for Myanmar"

Myanmar is the first country initiative in Asia, scheduled to be deployed in 2016. It includes the following:

- Participate in AOAF Training Facility (under review) with contribution to the curriculum and introduction of a Skills Laboratory in Yangon.
- Systematic strategic needs assessment policy in Trauma covering the whole chain from prevention to postoperative treatment (Trauma plan for Myanmar). This initiative could help Myanmar to focus its own activities as well as foreign support (NGO's) towards a long-term plan to improve trauma care in Myanmar.
- Intervene in one of the hospitals under the Ministry of Labour looking after industrial accidents.
- Select a small regional healthcare centre to build capacity and introduce remote treatment methods.
- Continue to develop AOAF courses to be eventually incorporated into a full-



fledged programme which the country's trauma assessment study is on-going.

"Fracture solutions for Asia"

"Fracture solutions for Asia" is a proposal for a 3-year initiative in which AOAF will establish itself as the Asia continent leader in non-operative and operative fracture care education, and bring measurable benefit in return to function across eight specific countries in Asia. It also includes a faculty development initiative, to further develop regional faculty with excellent understanding of fracture management, and educational expertise to communicate and propagate these – both in courses and during residencies. The goal of this AOAF project is to reduce disabilities, morbidity and mortality resulting from musculoskeletal trauma by improving clinical care provided by doctors, nurses, allied healthcare workers and first interveners. The project has five main objectives with activities as follows:

- **Objective 1:**
  To develop skills and motivation amongst national healthcare workers, which can maximize the opportunities afforded by available physical resources for fracture care.

Objective 2:
To increase quantity and quality of fracture care in select Asian countries in a way that is economical in its costs of human and physical resources.

Objective 3:
To promote a national and regional culture of fracture care that makes a priority of those in most clinical need.

Objective 4:
To promote local fracture care wherever possible, together with appropriate referral on the basis of clinical need.

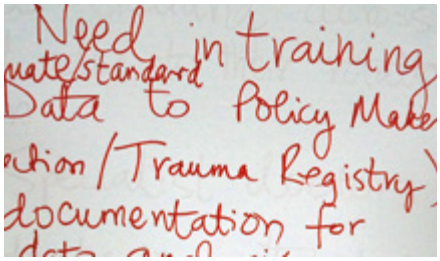
Objective 5:
To measure the impact of AOAF initiatives on volume and quality of fracture care, based on appropriate and cost-effective research strategies.

Central

Launch of a second call for AO Surgeons' projects

One area of activity for the AOAF was to support AOF and AOAF surgeons engaged in clinical projects and activities that directly benefit low-income patients in LMICs and regions, while ensuring that local healthcare providers will fulfill that role in the future.

The AOAF launched a call to all AOF and AOAF surgeons already involved in clinical activities in LMICs (minimum 2 years and through a partner organization) in October 2014. This was quite successful, attracting more than 75 pre-proposals. A second call respecting the initial intent and eligibility will be proposed in Q3 of 2016. An ad interim committee of the AOAF will evaluate the submitted pre-proposals and those shortlisted will be requested to submit a full proposal.



Sourcing and identification of sponsors, partners and other profile persons

The AOAF needs to gradually diversify its source of revenue and put in place a funding strategy and its implementation. To attract further donors – namely high net-worth individuals with their own foundation and/or other charitable institutions – and partners for co-financing, a careful and thoughtful fundraising strategy needs to be put in place. AOAF continues to be committed to controlling two major forms of non-productive (i.e., not directly charitable) NGO expenses: (i) costs for administration and management and (ii) expenses for fundraising.

7

Financial Report

Financial Statements 2015 of AO Alliance Foundation

SWISS GAAP FER

Balance sheet

in CHF '000	Notes	Actual 31.12.2014	Actual 31.12.2015	Var A15 vs A14 abs	Var A15 vs A14 %
BANK	4	0	1,463	1,463	n/a
ACCOUNTS RECEIVABLES	5	0	132	132	n/a
SHORT-TERM ACCRUALS		0	531	531	n/a
CURRENT ASSETS		0	2,126	2,126	n/a
A S S E T S		**0**	**2,126**	**2,126**	**n/a**
ACCOUNTS PAYABLES		0	210	210	n/a
OTHER LIABILITIES		0	88	88	n/a
SHORT-TERM ACCRUALS		0	203	203	n/a
CURRENT LIABILITIES		0	501	501	n/a
CAPITAL		0	55	55	n/a
RETAINED EARNINGS		0	1,570	1,570	n/a
EQUITY		0	1,625	1,625	n/a
L I A B I L I T I E S & E Q U I T Y		**0**	**2,126**	**2,126**	**n/a**

Income Statement

in CHF '000	Notes	Actual 2014	Actual 2015	Var A15 vs A14 abs	Var A15 vs A14 %
GROSS REVENUE SERVICES		0	4,300	4,300	n/a
OPERATING INCOME		0	4,300	4,300	n/a
MATERIAL EXPENSES		0	-6	-6	n/a
SCIENTIFIC & REGIONAL EXPENSES		0	-185	-185	n/a
MARKETING & COMMUNICATION EXPENSES		0	-152	-152	n/a
EDUCATIONAL EXPENSES		0	-144	-144	n/a
PERSONNEL EXPENSES	6	0	-627	-627	n/a
EXPENSES EMPLOYEES		0	-108	-108	n/a
EXPENSES & FEES NON-EMPLOYEES		0	-1,304	-1,304	n/a
MAINTENANCE/REPAIR/REPLACEMENT		0	-13	-13	n/a
IT EXPENSES		0	-5	-5	n/a
ADMINISTRATION EXPENSES		0	-187	-187	n/a
OPERATING EXPENSES		0	-2,731	-2,731	n/a
OPERATING RESULT		0	1,569	1,569	n/a
NET FINANCIAL INCOME	7	0	1	1	n/a
ORDINARY RESULT		**0**	**1,570**	**1,570**	**n/a**
NET RESULT BEFORE INCOME TAXES		**0**	**1,570**	**1,570**	**n/a**
NET RESULT		**0**	**1,570**	**1,570**	**n/a**

Cashflow statement

in CHF '000	31.12.2014	31.12.2015
Profit/loss		**1,570**
+/- depreciation/write-up (reevaluations resulting in profit) of tangible fixed assets		
+/- reversal of impairment(partial or full)/loss from impairment		
+/- increase/decrease of provisions (including deferred income taxes) that do not affect the fund		
+/- other expense/income that do not affect the fund		
+/- loss/profit from the disposal of tangible fixed assets		
+/- decrease/increase of receivables from deliveries and services		-132
+/- decrease/increase of inventories		
+/- decrease/increase of other receivables and prepayments and accrued income		-531
+/- increase/decrease payables from goods and services		210
+/- increase/decrease of other short-term liabilities and accrued liabilities and deferred income		291
= cash inflow/drain from operating activities (operative cash flow)	**0**	**1,408**
- outflows for investment (purchase) of tangible fixed assets		
+ inflows from disposal (selling) of tangible fixed assets		
+/- in-/outflows for investment of financial assets (including loans, investments etc.)		
- outflows for investment (purchase) of intangible assets		
+ inflows from disposal (selling) of intangible assets		
= cash inflow/drain from investing activities	**0**	**0**
+ inflows from capital increase		55
- outflows for capital reductions with release of resources		
- distribution of profits to holders of units of the capital		
-/+ purchase/disposal of own shares/own units of the capital of the organization		
+ inflows from a bond issuance		
- outflows for bond repayments		
+/- issuance/repayment of short-term financial liabilities		
+/- issuance/repayment of long-term financial liabilities		
= cash inflow/drain from financing activities	**0**	**55**
Net cash inflow/drain	**0**	**1,463**
Opening balance cash, post, bank		0
Closing balance cash, post, bank		1,463
Net cash inflow/drain	**0**	**1,463**
Var	0	0

Statement of changes in equity

in CHF '000	Capital of the organization	Capital of the organization not paid in	Capital reserves (share premium)	Own shares	Retained earnings	**Total**
Equity as of 01.01.2014 (before restatement)	0	0	0	0	0	**0**
Effect of changes in accounting policies (restatement)						**0**
Equity as of 01.01.2014 (after restatement)	**0**	**0**	**0**	**0**	**0**	**0**
Capital increase						**0**
Cost of capital increase						**0**
Acquisitions of own shares						**0**
Net profit of the year						**0**
Dividends						**0**
Other distributions						**0**
Equity as of 31.12.2014	**0**	**0**	**0**	**0**	**0**	**0**
Capital increase	55					**55**
Cost of capital increase						**0**
Acquisitions of own shares						**0**
Net profit of the year					1,570	**1,570**
Dividends						**0**
Other distributions						**0**
Equity as of 31.12.2015	**55**	**0**	**0**	**0**	**1,570**	**1,625**

Notes to the financial statements

1 General information

AO Alliance Foundation has its registered and principal offices at Clavadelerstrasse 8, 7270 Davos Platz, Switzerland.

2 Basis of preparation

The financial statements have been prepared on the historical cost basis in accordance with Swiss GAAP FER and comply with the requirements of the Swiss law. The principle of individual valuation has been applied to assets and liabilities.

The financial statements were authorized for issue by the Board of Directors on its spring 2016 meeting.

3 Accounting policies

The financial statements are presented in Swiss Francs (CHF), which is the functional currency of AO Alliance Foundation.

3.1 Foreign currency

Transactions in foreign currencies are translated to Swiss Francs (CHF) at exchange rates at the dates of the transactions. At year-end, monetary assets and liabilities in foreign currency are measured using the exchange rate valid at the balance sheet date. Exchange differences from such valuation are recognized in profit or loss.

The following year-end exchange rates were applied:

EUR / CHF 1.087

USD / CHF 1.001

3.2 Balance sheet

3.2.1 Impairment of assets

Assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

3.2.2 Cash, post, bank

Cash and cash equivalents comprise cash in bank and post accounts and petty cash. These positions are valued at nominal value.

3.2.3 Accounts receivables

Accounts receivables are carried at nominal value less allowance for

doubtful receivables. The allowance is based on the aging of trade receivables, specific risks and historical loss experience.

3.2.4 Tangible assets

Fixed tangible assets are shown at acquisition cost, less necessary depreciation and impairment losses. Depreciation is calculated linearly based on the planned lifespan of the asset:

Office furniture	5 years
IT Hardware and software	2 years

Additional depreciation rules: Laptop computers are capitalized and fully depreciated at the date of capitalization.

There are no tangible assets held for investment purposes.

3.2.5 Intangible assets

No self-generated intangible assets are reflected in the balance sheet but are expensed immediately in the income statement.

3.2.6 Financial investments

The position includes the following items:

- Loans granted to 3rd parties are valued at nominal value less impairment losses.
- Financial investments in long-term securities are stated at market values at the balance sheet date.

3.2.7 Short-term bank loans and other borrowings

Short-term bank loans and other borrowings with a duration period less than 12 months are recognized at nominal value.

3.2.8 Accounts payables and other liabilities

Accounts liabilities and other liabilities are recognized at nominal value.

3.2.9 Short-term accruals

Short-term accruals are liabilities that are due but not yet billed at the balance sheet date and that arise due to goods and services already received. They are assessed individually based on quotations, offers or past experience. Short -term accruals also contain accrued income on projects and studies.

3.2.10 Provisions

A provision is recognized when AO Alliance Foundation 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.

3.2.11 Contingent liabilities

Contingent liabilities are valued on the balance sheet date based on the agreements in place and other supporting documents.

3.2.12 Employee benefits

The pension plan institution for AO Alliance Foundation is an independent pension plan in accordance with the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG). The pension plan arrangement contractually excludes any deficit to be transferrable to AO and the pension plan institution is fully reinsured concerning the arising liability from the arrangement. Any surplus of the pension plan is immediately credited to the pension plan of the insured employees.

3.3 Income statement

3.3.1 Revenue

Revenue is recognized at the fair value of the consideration received or receivable, net of discounts.

Details to positions of the financial statements

4 Cash, post, bank

	31.12.2014			31.12.2015		
	in foreign currency ('000)	in CHF '000		in foreign currency ('000)	in CHF '000	
		abs	%		abs	%
Swiss Francs	-	0	-	1,463	1,463	100%
EURO	-	0	-	0	0	0%
US Dollar	-	0	-	0	0	0%
Other	-	0	-	0	0	0%
Total		**0**	**-**		**1,463**	**100%**

5 Accounts receivables

	31.12.2014		31.12.2015	
in CHF '000	abs	%	abs	%
Accounts receivables 3rd party	0	-	132	100%
Impairment losses	0	-	0	0%
Total	**0**	**-**	**132**	**100%**

6 Personnel expenses

	31.12.2014		31.12.2015	
in CHF '000	abs	%	abs	%
Salaries and wages	0	-	545	87%
Social security expenses	0	-	42	7%
Pension expenses	0	-	31	5%
Other personnel expenses	0	-	8	1%
Total personnel expenses	**0**	-	**627**	100%

Per 31.12.2015 the weighted average full-time equivalents between 1 and 10.

7 Net financial income

	31.12.2014		31.12.2015	
in CHF '000	abs	%	abs	%
Liquidity		-	1	100%
Bonds		-		0%
Equities		-		0%
Alternative investments		-		0%
Fees		-		0%
Other		-		0%
Net financial income	**0**	-	**1**	100%

8 Pension plan

	Surplus/ deficit		Economical benefit/obligation				Change in economical benefit/obligation				Contributions concerning period		Pension benefit expense (as part of personnel expense)			
	31.12.2015		31.12.2014		31.12.2015		31.12.2014		31.12.2015		31.12.2015		31.12.2014		31.12.2015	
in CHF '000	abs	%	abs	%	abs	%	abs	%	abs	%	abs	%	abs	%	abs	%
Patronage funds/patronage pension institutions		-		-		-		-		-		0%		-		0%
Pension institutions without surplus/deficit		-		-		-		-		-	31	100%	0	-	31	100%
Pension institutions with surplus		-		-		-		-		-		0%		-		0%
Pension institutions with deficit		-		-		-		-		-		0%		-		0%
Pension institutions without own assets		-		-		-		-		-		0%		-		0%
Total	**0**	-	**0**	-	**0**	-	**0**	-	**0**	-	**31**	100%	**0**	-	**31**	100%

9 Subsequent events

At the date of issue of the financial statements, no subsequent events have occurred.

10 Additional information

The fee payable to the external auditors OBT AG for the 2015 audit services amounts to CHF 6,500. No other services were provided by OBT AG in 2015 to AO Alliance Foundation.

AO Alliance Foundation

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