

Financial statement 2016

As projected, the financial statement 2016 shows an income surplus. For the time being, this additional income is to be allocated to the reserves, which will subsequently be used to compensate for the temporary reduction in federal contributions for the 2017-2020 funding period and to guarantee the continuation of research funding.

The growth in federal funding for 2016 strongly influenced the positive results, even though the SNSF was already affected by a credit stop. The lower research funding expenditure compared to 2015 can be attributed to lower costs in programmes and infrastructure, while the reduction in overhead costs is linked to the overhead payments for projects conducted under the ERC Temporary Backup Schemes in the previous year. The higher costs for scientific evaluation are mainly a result of more expenditure on the Research Council, the NRP steering committees and the NCCR review panels.

Income statement

in CHF 1,000	Annex	2016	2015	Change in %
Federal contributions	15	997,537	956,730	4.3
Further contributions	16	23,416	22,709	3.1
Donations/bequests		816	3,090	-73.6
Research funding expenditure	17	-854,708	-871,242	-1.9
Expenditure to cover indirect research costs (overhead)	18	-96,447	-107,033	-9.9
Scientific evaluation and governance	23	-11,128	-9,286	19.8
Public relations		-1,592	-1,965	-19.0
Administration expenses and depreciation	19	-35,203	-33,019	6.6
Other operating income	20	444	398	11.6
Other operating expenses	20	-358	-309	15.9
Operating result		22,777	-39,927	>100
Financial income	21	1,464	1,856	-21.1
Financial expenditure	21	-155	-516	-70.0
Financial result		1,309	1,340	-2.3
Investments in restricted funds	9	-291,390	-334,089	-12.8
Withdrawals from restricted funds	9	302,425	317,254	-4.7
Income from restricted funds		11,035	-16,835	>100
Ordinary income		35,121	-55,422	>100
Non-operating income		111	18	516.7
Annual result		35,232	-55,404	>100

All figures stated in this report have been individually rounded.

Balance sheet

in CHF 1,000	Annex	31.12.2016	Share in %	31.12.2015	Share in %
Assets					
Current assets					
Cash and cash equivalents	1	708,223	83	651,005	80
Accounts receivable	2	38,189	4	46,672	6
Other short-term receivables	3	48	0	53	0
Prepaid expenses		2,137	0	998	0
Total current assets		748,597	88	698,728	86
Fixed assets					
Tangible assets	4	12,883	2	13,346	2
Financial assets	5	91,010	11	96,572	12
Intangible assets	6	946	0	967	0
Total fixed assets		104,839	12	110,885	14
Total assets		853,436	100	809,613	100
Liabilities					
Short-term liabilities					
Liabilities from approved grants	7	266,011	31	246,963	31
Accounts payable	7	1,191	0	909	0
Other short-term liabilities	7	664	0	473	0
Deferred income		2,459	0	2,172	0
Short-term provisions	8	5,000	1	-	-
Restricted funds	9	68,974	8	39,623	5
Total short-term liabilities		344,299	40	290,140	36
Long-term liabilities					
Long-term provisions	8	6,000	1	11,000	1
Restricted funds	9	281,184	33	321,752	40
Total long-term liabilities		287,184	34	332,752	41
Total liabilities		631,483	74	622,892	77
Equity					
Foundation capital	11	1,330	0	1,330	0
General funds	12	397	0	387	0
General reserves		220,226	26	185,004	23
Total equity		221,953	26	186,721	23
Total liabilities		853,436	100	809,613	100

Cash flow statement prepared according to the indirect method

1,000	2016	2015
Operating activities		
Annual loss	-	-55,404
Annual profit	35,232	-
Depreciation of fixed assets	1,539	1,433
Decrease in accounts receivable	8,483	10,876
Increase in other receivables and prepaid expenses	-1,134	-649
Decrease / increase in financial assets	5,562	-4,339
Increase in liabilities from approved grants	19,054	6,583
Decrease / increase in accounts payable	276	-27
Increase / decrease in other short-term liabilities and deferred income	478	-931
Increase / Decrease in restricted funds	-11,216	16,834
Increase in free funds	10	-
Non-cash effective items	-10	-
Cash outflow from operating activities	58,274	-25,624
Investing activities		
Outflows for investments (acquisition) in tangible assets	-217	-392
Outflows for investments (acquisition) in intangible assets	-838	-1,163
Cash outflow from investing activities	-1,055	-1,555
Investing activities	-	-
Cash outflow from investing activities	-	-
Net change in cash and cash equivalents	57,219	-27,179
Statement		
Cash and cash equivalents as at 1 January	651,006	678,185
Cash and cash equivalents as at 31 December	708,225	651,006
Net change in cash and cash equivalents	57,219	-27,179

Statement of changes in equity

	Foundation capital	Free funds	Free reserves	Total in CHF 1,000
Equity as at 1.1.2015	1,330	387	240,409	242,126
Annual result 2015	-	-	-55,404	-55,404
Equity as at 31.12.2015	1,330	387	185,005	186,722
Annual result 2016	-	10	35,222	35,232
Equity as at 31.12.2016	1,330	397	220,227	221,954

Notes to the financial statement as at 31 December 2016

Introduction

Domiciled in Berne, the SNSF is a foundation established under private law. It allocates public funds for the promotion of basic research and young scientists in Switzerland.

The SNSF has a staff of 222 full-time equivalents (2015: 214).

Valuation principles

General accounting principles

The SNSF financial statements have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations) in their entirety and present a true and fair view of the financial position, the cash flows and the results of operations. The financial statements were also presented in such a way that they will also be in compliance with the requirements of the Swiss Code of Obligations.

Valuation principles

Valuation is generally based on the principle of cost of acquisition or production, with the sole exception of securities with a quoted price, which are shown at their current values. The principle of the individual valuation of assets and liabilities applies. The carrying amount of long-term assets is reviewed at each balance sheet date. If there is evidence of a sustained decrease in value, the recoverable amount is ascertained (impairment test). If the carrying amount exceeds the recoverable amount, an unplanned impairment loss is recognised in the income statement.

Currency conversion

The foreign currency transactions and positions contained in these financial statements are converted as follows: Transactions in foreign currencies are converted into the currency of account at the average exchange rate of the month in which the transaction took place. At year-end, monetary assets and liabilities in foreign currencies are recognised in the income statement at the exchange rate prevailing on the balance sheet date. Further explanations can be found in the detailed notes on the individual balance sheet positions.

Notes on the income statement and the balance sheet

1 Cash and cash equivalents

Cash and cash equivalents include cash at hand and current account balances with the federal government and Postfinance. They are recognised at their nominal value.

Funds amounting to CHF 7,694,000, which were reported under "Other financial assets, federal government" until now, were also held in the current account with Postfinance as at 31.12.2016, (See 5 Financial assets).

in CHF 1,000	31.12.2016	31.12.2015
Cash at hand	7	3
Current account with Postfinance	34,995	6,311
Current account assets with SERI	673,170	644,628
SwissCore operating assets, incl. bank deposits	53	64
Total	708,225	651,006

2 Accounts receivable

Accounts receivable are recognised at nominal value and include grants for projects and fellowships invoiced to third parties, services provided by the Administrative Offices and charged to third parties, advances and recoverable withholding taxes. Specific provisions are set aside to cover losses from operational risks.

in CHF 1,000	31.12.2016	31.12.2015
From third parties	6	-
From the federal government		
SERI mandates	-	-
SDC mandates	37,647	46,672
InRoad mandates	536	-
Total (gross)	38,189	46,672
Value adjustments	-	-
Total (net)	38,189	46,672

3 Other short-term receivables

Other accounts receivable are recognised at nominal value and include grants for projects and fellowships invoiced to third parties, services provided by the Administrative Offices and charged to third parties, advances and recoverable withholding taxes. Specific provisions are set aside to cover losses from operational risks. All accounts receivable are denominated in CHF.

in CHF 1,000	31.12.2016	31.12.2015
From third parties	48	52
From the federal government	-	-
From governing and executive bodies	-	-
Total (gross)	48	52
Value adjustments	-	-
Total (net)	48	52

4 Tangible assets

Tangible assets include movable and immovable property. The capitalisation limit is CHF 25,000 per item. Tangible assets are recognised at acquisition cost less necessary operating depreciation on a straight-line basis over their useful economic life. This was defined as follows:

- Buildings: 30 years
- IT equipment: 3 years
- Movable property: 5 years
- Fixtures and fittings: 5 years

	Land and buildings	IT equipment	Movable property	Fixtures and fittings	Total tangible assets
in CHF 1,000					
Cost as at 1.1.2016	23,875	884	-	167	24,926
Additions	-	217	-	-	217
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Cost as at 31.12.2016	23,875	1,101	-	167	25,143
Accumulated depreciation as at 1.1.2016	10,986	459	-	136	11,581
Planned depreciation	283	367	-	31	681
Impairment losses	-	-	-	-	-
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Accumulated depreciation as at 31.12.2016	11,269	826	-	167	12,262
Net carrying amounts as at 31.12.2015	12,889	425	-	31	13,345
Net carrying amounts as at 31.12.2016	12,606	275	-	-	12,881

5 Financial assets

Financial assets comprise in particular assets originating from earmarked donations and bequests. The position financial assets also includes securities held as a long-term investment held in an interest-bearing account with the Federal Finance Administration. Asset categories are valued according to the following principles:

- Liquidity: nominal value
- Fixed-interest investments: acquisition cost less necessary operating depreciation
- Securities: securities with a current quoted price are recognised at the market price on the balance sheet date
- Securities without a quoted price, participations, alternative investments and long-term loans: acquisition cost less necessary operating depreciation.

As at 31.12.2015, "Other financial assets, federal government" comprised assets linked to restricted and unrestricted donations/bequests as well as the foundation capital. The Federal Finance Administration has terminated these investments as of 31.12.2016; the funds will be reinvested with commercial banking institutions in 2017.

	31.12.2016	31.12.2015
in CHF 1,000		
Cash, cash equivalents and time deposits	1,850	1,720
Securities	89,159	87,168
Other financial assets, federal government	-	7,684
Total	91,009	96,572

6 Intangible assets

This position essentially consists of IT software. Acquired intangible assets are capitalised if they yield measurable benefits for the organisation over several years. Intangible assets are recognised at acquisition cost less necessary depreciation and impairment losses. Depreciation is on a straight-line basis over the useful economic life of the asset. The useful economic life of IT software is 3 years. Intangible assets generated internally are not capitalised.

	Software	Other intangible assets	Total intangible assets
in CHF 1,000			
Cost as at 1.1.2016	2,464	-	2,464
Additions	838	-	838
Disposals	-727	-	-
Reclassifications	-	-	-
Cost as at 31.12.2016	2,575	-	2,575
Accumulated depreciation as at 1.1.2016	1,497	-	1,497
Planned depreciation	858	-	858
Impairment losses	-	-	-
Disposals	-727	-	-
Reclassifications	-	-	-
Accumulated depreciation as at 31.12.2016	1,628	-	1,628
Net carrying amounts as at 31.12.2015	967	-	967
Net carrying amounts as at 31.12.2016	947	-	947

7 Liabilities

These are research grants and fellowships which are due for payment but have not yet been drawn on, outstanding bills from service providers, as well as settlement obligations towards insurers and social security institutions. They are recognised at nominal values.

Short-term liabilities

in CHF 1,000	31.12.2016	31.12.2015
From third parties	267,866	248,344
From the federal government	-	-
From governing and executive bodies	-	-
Short-term liabilities	267,866	248,344

8 Provisions

Provisions are booked to cover a probable obligation that is based on a past event and whose amount and/or due date is uncertain but can be estimated. Valuation of the provision is based on the estimated cash outflow needed to satisfy the obligation.

in CHF 1,000

	Provisions for employee benefit obligations	Restructuring provisions	Other provisions	Total provisions
Carrying amount as at 1.1.2	-	-	11,000	11,000
Formation	-	-	-	-
Appropriation	-	-	-	-
Release	-	-	-	-
Carrying amount as at 31.12.2016	-	-	11,000	11,000
of which short-term provisions			5,000	5,000
of which long-term provisions			6,000	6,000

These are provisions for doctoral students' salaries. They are based on the service agreement, i.e. on the goal of increasing salaries for doctoral students effective 1 January 2014. All doctoral students who were at that time being funded by SNSF grants were entitled to a salary increase of approximately 8%. Grants approved prior to 1 January 2014 were budgeted on the basis of the lump sums previously paid to doctoral students. Recipients of such grants are entitled to reimbursement of non-budgeted additional doctoral student costs at the end of the project, provided there is no other channel of compensation available. These provisions were not discounted since their impact on medium-term provisioning is negligible. They are scheduled to be released in the next two to three years.

9 Restricted funds

This position comprises funds designated for a specific purpose, as well as donations and bequests.

These are resources accruing to the Swiss National Science Foundation which are still pending appropriation for research grants and fellowships that meets the designated purpose.

Designated funds are used for activities which the SNSF carries out mainly in consultation with SERI and the SDC.

Fund resources originating from donations and bequests are classified as financial assets and recognised accordingly.

in CHF 1,000

	Status 01.01.2015	Additions	Appropriation	Transfer	Status 31.12.2015
Funds related to research funding	254,026	328,590	316,095	-	266,521
Funds from restricted donations/bequests	90,515	5,497	1,160	-	94,852
Total restricted funds 2015	344,541	334,087	317,255	-	361,373

The table above reflects restricted funds in the previous year, 2015. Only the interim results of the funds related to research funding and the funds from restricted donations/bequests, as well as the grand total, are shown.

in CHF 1,000

	Status 01.01.2016	Additions	Appropriation	Transfer	Status 31.12.2016
Designated funds					
ERA-Net fund	127	275	402	-	-
Scopes fund	6,101	35	4,708	-	1,428
r4d fund	59,844	5,143	14,755	-	50,232
FLARE fund	102	7,640	7,742	-	-
Bilateral programmes fund	23,124	10,969	7,589	-	26,504
NRP fund	36,319	28,318	20,240	-	44,397
NCCR fund	365	73,899	74,264	-	-
Special biology and medicine programmes fund	24,791	23,388	19,537	-	28,642
Horizon 2020 supporting measures fund	63,030	-	16,140	-	46,890
ERC transfer grants fund	21,900	-	1,971	-	19,929
Fonds InRoad (H2020 Framework Programme)	-	2,143	-	-	2,143
Flag ERA fund	3,200	-	1,065	-	2,135
Research partnerships with developing countries fund	180	-	-	-180	-
Bulgaria/Romania fund	130	29	82	-	77
Energy research fund	27,308	12,000	8,502	-	30,806
SystemsX fund	-	24,500	24,500	-	-
Nano-Tera fund	-	12,156	12,156	-	-
Overhead fund	-	88,000	88,000	-	-
Subtotal	266,521	288,495	301,653	-180	253,183

The programme Research Partnerships with Developing Countries has ended. The programme's balance was settled in consultation with the SDC.

Funds originating from restricted donations/bequests and arrangements					
M. bequest fund	1,352	35	-	-	1,387
Dufour bequest fund	7,031	183	1	-	7,213
Spolti bequest fund	1,537	-	12	-	1,525
Wirth bequest fund	8,404	215	1	-	8,618
Wellansky-Kade bequest fund	632	16	-	-	648
Harre bequest fund	49,879	505	138	-	50,246
AIDS research donation fund	218	6	-	-	224
Iselin bequest fund	1,777	45	-	-	1,822
Blanc bequest fund	18,060	1,272	2	-	19,330
Other donations/bequests fund	5,967	-	-	-	5,967
SwissCore fund	-	618	618	-	-
Subtotal	94,857	2,895	772	-	96,980
Total restricted funds	361,378	291,390	302,425	-180	350,163
of which recognised in short-term funds	39,623				68,974
of which recognised in long-term funds	321,752				281,184

The division into short- and long-term funds is based on the 2017 estimate, according to which short-term restricted funds are used within 12 months.

Additions and appropriation also include financial results on the corresponding financial assets.

10 Pension funds

The SNSF has an affiliation agreement with the PKG Pension Fund in Lucerne. SNSF employees are insured with the PKG against the economic consequences of old age, disability and death under a defined contribution plan. Under this plan, employees and employer pay fixed contributions. Contributions are recognised in the income statement of the period in which they are incurred. In the 2016 fiscal year, contributions of CHF 3,789,000 (2015: CHF 3,416,000) were paid into pension plans. The SNSF has no employer contribution reserves. The SNSF has no economic obligations towards, nor does it derive economic benefits from, the PKG. With a coverage ratio of 107 % (not yet audited), the PKG had no deficit/surplus as at 31 December 2016.

11 Foundation capital

The foundation capital comprises a total amount of CHF 330,000 donated by the founders and a one-time payment of one million Swiss francs from the federal government.

12 Funds in equity

in CHF 1,000

	Status 01.01.2015	Additions	Appropriation	Transfer	Status 31.12.2015
General funds					
Funds of non-restricted donations and bequests	387	-	-	-	387

in CHF 1,000

	Status 01.01.2016	Additions	Appropriation	Transfer	Status 31.12.2016
General funds					
Funds of non-restricted donations and bequests	387	50	40	-	397

These funds comprise resources which the SNSF may use at its own discretion.

13 Off-balance-sheet transactions

a) Approved contributions for future fiscal years as at 31.12.2015

in CHF 1,000

	2016	2017	2018	2019	2020	Total
Total	599,226	334,090	65,097	13,033	1,470	1,012,916

Approved contributions for future fiscal years as at 31.12.2016

in CHF 1,000

	2017	2018	2019	2020	2021	Total
Projects	281,718	137,051	17,543	63	-	436,375
Careers	138,242	68,781	22,139	1,502	-	230,664
Programmes	158,458	58,328	37,232	12,761	341	267,120
Infrastructure	25,735	18,281	14,518	12,539	-	71,073
Third-party programmes	7,972	4,446	2,413	1,346	-	16,177
Scientific communication	1,432	199	-	-	-	1,631
Total	613,557	287,086	93,845	28,211	341	1,023,040

According to the federal budget for 2017, contributions to the SNSF will amount to CHF 839.4 million. A service level agreement for the 2017 - 2020 funding period is currently in preparation.

b) Other non-recognisable commitments

The following operational leasing/rental commitments which cannot be terminated within one year were in place as at the balance sheet date.

in CHF 1,000	31.12.2016	31.12.2015
1 to 2 years	401	-
3 to 5 years	227	780
over 5 years		-
Total	628	780

14 Open derivative financial instruments

in CHF 1,000		31.12.2015	
Underlyings	Purpose	Assets	Liabilities
Foreign currency	Currency hedges	9	16

in CHF 1,000		31.12.2016	
Underlyings	Purpose	Assets	Liabilities
Foreign currency	Currency hedges	22	34

15 Federal contributions

These are contributions from the federal government for the purpose of funding research, in particular projects, programmes or fellowships, as well as to remunerate research institutions for research costs incurred, and for the provision of services. The services to be provided include scientific evaluation and governance, public relations, as well as the Administrative Offices in Berne and the branch office in Brussels.

Federal contributions are recognised in the income statement if they have been pledged by the federal government or if they are embodied in an award or agreement. The federal contributions for NRPs, NCCRs and the special biology & medicine programmes are recognised with the contributions provided for in the service level agreement.

in CHF1,000	2016	2015
Basic contribution	772,885	733,462
National Centres of Competence in Research	72,000	66,000
National Research Programmes	28,000	28,000
SystemsX	12,000	12,775
Nano-Tera	4,156	4,000
Federal funding mandate	18,500	17,900
SDC contributions	1,258	-
Overhead	88,000	94,000
SwissCore	568	593
Various federal contributions	170	-
Total	997,537	956,730

16 Further contributions

in CHF 1,000	2016	2015
Contributions from the ETH Board for SystemsX	12,500	12,500
Contributions from the ETH Board for Nano-Tera	8,000	8,000
Contributions from the CTI for SwissCore	50	50
Other	2,866	2,159
Total	23,416	22,709

17 Research funding expenditure

The grants awarded are divided into instalments according to project years, with no further accrual by calendar years. Project years begin on the research grant commencement date planned at the time of its award. Grants are recognised in expenses beginning in the year in which the planned grant commencement date falls. Accordingly, where a project lasts longer than 12 months, grant instalments will be recognised annually in chronological order, beginning from the planned project commencement date.

in CHF 1,000	2016	2015
Projects	423,933	423,809
Careers	180,149	176,785
Programme: National Centres of Competence in Research	71,764	74,990
National Research Programmes	18,906	24,715
Other programmes	85,384	87,522
International cooperation	21,256	20,058
Total programmes	197,310	207,285
Infrastructure	30,281	39,459
Scientific communication	5,861	5,692
Third-party programmes	42,909	42,311
Repayments	-17,072	-14,329
Contributions approved but not used	-8,664	-9,769
Total	854,707	871,243

18 Overhead

Based on Art. 10 para. 4 of the Federal Act on the Promotion of Research and Innovation and Art. 33 ff. of the Ordinance on the Promotion of Research and Innovation, the SNSF pays overhead contributions to research institutions. These are intended to cover some of the overhead incurred by the institutions as a result of SNSF-sponsored research projects. The SNSF determines the amount of the overhead contributions on the basis of project grants approved in the previous year. The contributions are paid annually in a lump sum.

19 Administration expenses and depreciation

in CHF 1,000	2016	2015
Payroll	28,948	27,337
Depreciation of tangible fixed assets	680	611
Depreciation of intangible assets	858	821
Other	4,716	4,249
Total	35,202	33,018

20 Other operating income/expenses

Other operating income

in CHF 1,000	2016	2015
Canteen	411	367
Rental income	33	32
Total	444	399

Other operating expenses

in CHF 1,000	2016	2015
Canteen	358	309
Total	358	309

21 Financial income/financial expenditure

Financial income in CHF 1,000	2016	2015
Interest and dividend income	1,065	1,026
Price gains	399	830
Total	1,464	1,856

Financial expenditure in CHF 1,000	2016	2015
Interest expenditure	-	-
Price losses	80	427
Other financial expenditure	75	89
Total	155	516

Total financial result	1,309	1,340
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22 Transactions with related parties

Related persons and organisations are deemed to be such which, either directly or indirectly, can exert a significant influence on the financial or operational decisions of the Swiss National Science Foundation. The following transactions with related persons occurred :

- Approval of research grants to members of the Foundation Council: CHF 2,484,000 (2015: CHF 2,070,000)
- Approval of research grants to members of the National Research Council: CHF 22,655,000 (2015: CHF 25,442,00)

23 Remuneration of governing and executive bodies

In the year under review, members of the Foundation and National Research Councils (including Presiding Boards) received CHF 2,829,000 (2015: CHF 2,846,000) in fixed remuneration and daily allowances.

Furthermore, support grants in the amount of CHF 3,059,000 (2015: CHF 2,565,000) were made available to members of the National Research Council.

The members of the Executive Management received gross salaries totalling CHF 670,000 (2015: CHF 762,000) in the year under review. Due to a vacant position in the Executive Management, gross salaries were lower in 2016

24 Auditing fee

in CHF 1,000	2016	2015
for auditing services	38	39
for other services	-	-
Total	38	39

25 Events after the balance sheet date

No significant events occurred after the balance sheet date of 31 December 2016. Events up to 31 March 2017 were taken into consideration.

26 Approval of the financial statements

Following the recommendation of the Swiss Federal Audit Office, the external auditor, the Foundation Council approved the financial statements 2016 at its meeting of 31 March 2017.



Reg. No. 1.17035.929.00113.002

Report of the statutory auditor

***to the Foundation Council of the
Swiss National Science Foundation, Berne***

Report of the statutory auditors on the financial statements

As statutory auditor, we have audited the accompanying financial statements of the Swiss National Science Foundation, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2016.

Foundation Council's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and the Foundation's deed and internal regulation. We recommend that the financial statements submitted to you be approved.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b paragraph 3 CC in connection with article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 83b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Foundation Council.

Berne, 31 March 2017

SWISS FEDERAL AUDIT OFFICE



Martin Köhli
Licensed Audit Expert



André Vuilleumier
Licensed Audit Expert

Enclosure: Financial statements 2016 (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)