Audit Report on the Consolidated Financial Statements

International AIDS Vaccine Initiative, Inc.

For the Year Ended December 31, 2025 With Summarized Financial Information for 2024

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International AIDS Vaccine Initiative, Inc.
New York, New York

Opinion

We have audited the accompanying consolidated financial statements of the International AIDS Vaccine Initiative, Inc. (IAVI), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IAVI as of December 31, 2025, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of IAVI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IAVI's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IAVI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IAVI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited IAVI's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on page 21 and the Consolidating Schedule of Activities and Change in Net Assets on pages 22 - 24 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2026, on our consideration of IAVI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of IAVI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IAVI's internal control over financial reporting and compliance.

Gelman Rozenberg & Freedman

July 28, 2026

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

ASSETS

	2025	2024
Cash and cash equivalents	$ 23,235,930	$ 19,285,975
Investments	31,695,203	36,526,217
Grants receivable, net	56,715,965	44,980,699
Security deposits and other assets	1,004,423	1,208,756
Right-of-use assets, net	29,440,969	29,791,571
Property, equipment and leasehold improvements, net	456,583	843,099
TOTAL ASSETS	**$ 142,549,073**	**$ 132,636,317**

LIABILITIES AND NET ASSETS

	2025	2024
LIABILITIES		
Accounts payable and accrued liabilities	$ 8,373,479	$ 8,971,934
Awards and contracts payable	11,558,745	9,298,139
Refundable advances	40,150,950	31,126,467
Deferred compensation payable	606,717	500,200
Operating lease liabilities, net	31,779,134	29,628,865
Total liabilities	92,469,025	79,525,605
NET ASSETS		
Without donor restrictions:		
Board designated	14,331,763	27,891,306
With donor restrictions	35,748,285	25,219,406
Total net assets	50,080,048	53,110,712
TOTAL LIABILITIES AND NET ASSETS	**$ 142,549,073**	**$ 132,636,317**

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Grants and contributions	$ 78,428,429	$ 22,278,199	$ 100,706,628	$ 129,248,976
Net investment return	2,011,987	-	2,011,987	2,225,410
Other income	760,529	-	760,529	980,586
Net assets released from donor restrictions	11,722,631	(11,722,631)	-	-
Total revenue and support	92,923,576	10,555,568	103,479,144	132,454,972
EXPENSES				
Program Services:				
Research and Development	90,625,634	-	90,625,634	123,118,491
Vaccine Advocacy, Public Affairs and Policy	2,795,089	-	2,795,089	2,605,796
Total program services	93,420,723	-	93,420,723	125,724,287
Supporting Services:				
General and Administrative	13,551,153	-	13,551,153	17,120,065
Fundraising	529,637	-	529,637	639,907
Total supporting services	14,080,790	-	14,080,790	17,759,972
Total expenses	107,501,513	-	107,501,513	143,484,259
Change in net assets before other items	(14,577,937)	10,555,568	(4,022,369)	(11,029,287)
OTHER ITEMS - NON-OPERATING				
De-obligation of funds	-	(2,043,216)	(2,043,216)	(2,948,717)
Currency translation adjustment	312,490	-	312,490	147,839
Foreign exchange gain (loss)	705,904	2,016,527	2,722,431	(860,299)
Change in net assets	(13,559,543)	10,528,879	(3,030,664)	(14,690,464)
Net assets at beginning of year	27,891,306	25,219,406	53,110,712	67,801,176
NET ASSETS AT END OF YEAR	**$ 14,331,763**	**$ 35,748,285**	**$ 50,080,048**	**$ 53,110,712**

EXHIBIT C

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025							2024
	Program Services			Supporting Services				
	Research and Development	Vaccine Advocacy, Public Affairs and Policy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Awards and contracts	$ 38,933,169	$ 147,764	$ 39,080,933	$ 59,845	$ -	$ 59,845	$ 39,140,778	$ 67,266,684
Salaries, wages, and benefits	39,452,609	2,202,415	41,655,024	10,078,220	419,029	10,497,249	52,152,273	59,126,434
Travel and workshops	1,143,563	83,809	1,227,372	143,941	10,608	154,549	1,381,921	3,292,736
Professional services	1,175,228	62,345	1,237,573	1,181,939	100,000	1,281,939	2,519,512	2,825,400
Infrastructure fixed operating expenses	7,398,929	154,389	7,553,318	1,125,155	-	1,125,155	8,678,473	5,937,844
Information technology	1,076,076	63,979	1,140,055	708,908	-	708,908	1,848,963	2,457,789
Consumable and variable operating expenses	695,873	31,274	727,147	147,780	-	147,780	874,927	1,422,035
Insurance	327,659	31,180	358,839	47,756	-	47,756	406,595	498,382
Finance charges	77,165	10,298	87,463	23,651	-	23,651	111,114	69,841
Other	260	1,000	1,260	4	-	4	1,264	3,775
Depreciation and amortization	345,103	6,636	351,739	33,954	-	33,954	385,693	583,339
TOTAL	**$ 90,625,634**	**$ 2,795,089**	**$ 93,420,723**	**$ 13,551,153**	**$ 529,637**	**$ 14,080,790**	**$ 107,501,513**	**$ 143,484,259**

See accompanying notes to consolidated financial statements.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,030,664)	$ (14,690,464)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	385,693	583,339
Net realized and unrealized (gain) loss	(171,293)	67,931
Change in discount on long-term receivables	(1,147,785)	(225,955)
Amortization of right-of-use asset	350,602	4,949,913
(Increase) decrease in:		
Grants receivable	(10,587,481)	4,326,938
Security deposits and other assets	204,333	(241,730)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(598,455)	(1,344,651)
Awards and contracts payable	2,260,606	(2,493,430)
Refundable advances	9,024,483	2,157,587
Deferred compensation payable	106,517	118,874
Operating lease liabilities	2,150,269	(6,560,727)
Net cash used by operating activities	(1,053,175)	(13,352,375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales (purchases) of property, equipment and leasehold improvements	823	(495,423)
Net sales (purchases) of investments	5,002,307	(3,186,739)
Net cash provided (used) by investing activities	5,003,130	(3,682,162)
Net increase (decrease) in cash and cash equivalents	3,949,955	(17,034,537)
Cash and cash equivalents at beginning of year	19,285,975	36,320,512
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 23,235,930**	**$ 19,285,975**
SCHEDULE OF NONCASH OPERATING TRANSACTIONS:		
Right-of-Use Assets	**$ 3,779,721**	**$ 26,431,618**
Operating Lease Liabilities	**$ 3,981,109**	**$ 26,431,618**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The accompanying consolidated financial statements include the accounts of the International AIDS Vaccine Initiative, Inc.; Stichting International AIDS Vaccine Initiative, the Netherlands (the Stichting); IAVI South Africa NPC (IAVI-SA); IAVI India; IAVI Africa Limited; and IAVI Lab LLC (collectively, IAVI). IAVI is a non-profit scientific research organization dedicated to addressing urgent, unmet global health challenges including HIV and tuberculosis. IAVI's mission is to translate scientific discoveries into affordable, globally accessible public health solutions. IAVI has four global hubs (U.S., India, Africa, Europe) and offices, labs, and staff in seven countries. The main office of the U.S. hub is located in New York City.

IAVI focuses on two major areas of activity:

1. Through scientific and clinical research in Africa, India, Europe, and the U.S., IAVI develops vaccines and antibodies in and for the developing world and seeks to accelerate their introduction in low-income countries. IAVI advances scientific discovery and development by fostering unique collaborations among academia, industry, local communities, governments, and funders to explore new and better ways to address public health threats that disproportionately affect people living in poverty. IAVI also supports external researchers by providing technical and scientific expertise to accelerate the development of their own products.

2. IAVI works with policy makers, advocates, and representatives of the communities where disease burden is greatest to support scientific research and development for accessible biomedical preventives and treatments.

Basis for consolidation -

The accompanying consolidated financial statements include the financial activity of the International AIDS Vaccine Initiative, Inc.; the Stichting; IAVI India; IAVI Africa Limited; IAVI Lab LLC; and IAVI-SA, based upon the fact that all of the aforementioned entities are under common control. All entities are subject to the International AIDS Vaccine Initiative, Inc. oversight, work within the International AIDS Vaccine Initiative, Inc. strategy, and are funded in part by the International AIDS Vaccine Initiative, Inc. Consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All significant intercompany transactions between the International AIDS Vaccine Initiative, Inc. and the related entities have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions -** Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with IAVI's consolidated financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and cash equivalents -

IAVI considers all cash and other highly liquid investments with initial maturities of three months or less, other than those that are restricted as to use or held as part of long-term investments, to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, IAVI maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

IAVI also maintains cash balances at financial institutions in foreign countries. At times during the year, IAVI maintains balances in excess of financial institution insurance limits in these foreign countries. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Marketable securities acquired by donation are recorded at their readily determinable fair value on the date of receipt. Interest, dividends, realized and unrealized gains and losses are included in net investment return, which is presented net of investment fees paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Grants receivable -

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions. Management considers all grants receivable to be fully collectable, therefore, an allowance for doubtful accounts has not been recorded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property, equipment and leasehold improvements -

Property and equipment in excess of $5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements in excess of $5,000 are capitalized and amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The International AIDS Vaccine Initiative, Inc. has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) as well as Internal Revenue Code Section 501(a). The International AIDS Vaccine Initiative, Inc. is also exempt from state and local income taxes and is not a private foundation.

IAVI Global Impact LLC was formed in 2023. IAVI Global Impact LLC is subject to annual filings. There was no activity in this entity during the year ended December 31, 2025.

The Stichting is a separate foundation based in the Netherlands that has been granted exemption from tax on both income and gifts.

IAVI Lab, LLC is a limited liability corporation; however, due to the fact that the International AIDS Vaccine Initiative, Inc. is the sole member of the limited liability corporation, IAVI Lab, LLC is considered to be a disregarded entity for tax reporting purposes and all financial transactions of IAVI Lab, LLC are reported on the International AIDS Vaccine Initiative, Inc.'s Federal Form 990.

IAVI India is incorporated under Section 25 of the Companies Act, 1956 (Now Section 8 of The Companies Act, 2013) as a not-for-profit company. It is limited by shares. IAVI India is income tax-exempt under Section 12 AA of the Income Tax Act,1961.

IAVI-SA was created in 2008 in South Africa as a not-for-profit corporation organized under the laws of the Republic of South Africa. Located in Cape Town, IAVI-SA conducts TB vaccine clinical trials, fundraising, and advocacy in South Africa. IAVI-SA is a separately incorporated entity under Section 21 of the Companies Act of 1973 and files an annual income tax form IT12EI as required of tax-exempt organizations in South Africa.

IAVI Africa Limited (f/k/a, IAVI Kenya Limited) was formed in 2022 as a limited by guarantee company incorporated under the laws of Kenya. The name of the company was changed from 'IAVI Kenya Limited' to 'IAVI Africa Limited' in 2023. IAVI Africa is subject to the annual filing requirements set forth in the Companies Act, 2015.

Based upon the tax-exempt status of the International AIDS Vaccine Initiative, Inc., IAVI India, the Stichting, LLC, IAVI-SA and IAVI Africa Limited, no provision for income taxes has been made in the accompanying consolidated financial statements.

Revenue recognition for grants and contributions -

IAVI receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition for grants and contributions (continued) -

IAVI performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958. For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as "without donor restrictions".

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. IAVI's refundable advances totaled $40,150,950 as of December 31, 2025.

Funds were de-obligated following a reallocation of the European and Developing Countries Clinical Trial Partnership Programme (EDCTP) budget across IAVI entities. While the Stitching budget was reduced and reallocated to IAVI Inc. and additional allocations were made to IAVI Africa and IAVI SA, the overall IAVI funding increased. However, the total budget was ultimately not fully expended."

Funding from U.S. Government agencies and foreign Government agencies accounted for a combined 28% of total grants and contributions revenue for 2025.

Grants receivable represent amounts due from unconditional promises to give, and from amounts due from donors for which reimbursable expenses have been incurred, but not paid, in accordance with the terms of certain grant agreements.

All grants receivable at December 31, 2025, excluding one grant from the Ministry of Foreign Affairs of the Netherlands, two grants from EDCTP, and one grant from Kreditanstalt für Wiederaufbau (KfW) are expected to be received within the next year unless otherwise stipulated by the donors.

At December 31, 2025, grants from U.S. Government agencies and foreign Government agencies represented approximately 27% and 26% of grants receivable, respectively.

As of December 31, 2025, the following funds are included in grants receivable in the accompanying Consolidated Statement of Financial Position:

- $7,521,046 (EUR 6,392,838) from the Ministry of Foreign Affairs of the Netherlands.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition for grants and contributions (continued) -

For the year ended December 31, 2025, in addition to significant funds received from the U.S. Government and certain private foundations, IAVI received the following funds to support IAVI's activities:

- $6,741,000 (EUR 5,729,804) from the Ministry of Foreign Affairs of the Netherlands.
- $12,748,243 from the Coalition for Epidemic Preparedness Innovations (CEPI).

Foreign currency translation and transactions -

Realized and unrealized gains and losses resulting from transactions denominated in currencies other than the U.S. Dollar, which is the functional currency of IAVI, are reported as an Other Item in the accompanying Consolidated Statement of Activities and Change in Net Assets. Additionally, all assets and liabilities denominated in foreign currencies are re-valued to U.S. Dollars using the appropriate exchange rate as of December 31, 2025.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as salaries, payroll taxes and related benefits) as well as head count (such as occupancy, IT, depreciation, and other general operating costs).

Investment risks and uncertainties -

IAVI invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, IAVI has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market IAVI has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2025.

- *Fixed Income Securities/Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Equities - Valued at the closing price reported on the active market in which the individual securities are traded.*
- *Mutual Fund*s - Valued at the daily closing price as reported by the fund. Mutual funds held by IAVI are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. Mutual funds held by IAVI are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Fixed Income Securities/Bonds	$ -	$ 31,038,254	$ -	$ 31,038,254
Equities	50,232	-	-	50,232
Deferred Compensation Investments:				
Mutual Funds	606,717	-	-	606,717
TOTAL INVESTMENTS	$ 656,949	$ 31,038,254	$ -	$ 31,695,203

Net investment return consisted of the following for the year ended December 31, 2025:

Interest and dividends	$ 1,909,112
Net realized and unrealized gain	171,293
Investment fees and commissions	(68,418)
NET INVESTMENT RETURN	$ 2,011,987

3. GRANTS RECEIVABLE, NET

As of December 31, 2025, IAVI has written grant commitments from various donors, including the U.S. Government, foreign governments and private foundations, totaling $57,472,717. Amounts due beyond one year of the Consolidated Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 3% to 5%.

Following is a summary, by year, of the anticipated payments to be received against the grants receivable as of December 31, 2025:

Less than one year	$ 33,098,333
One to five years	24,374,384
Total grants receivable	57,472,717
Less: Allowance to discount balance to present value	(756,752)
NET GRANTS RECEIVABLE	**$ 56,715,965**

4. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements consisted of the following at December 31, 2025:

Property and equipment	$ 27,856,227
Leasehold improvements	20,388,126
Total property, equipment and leasehold improvements	48,244,353
Less: Accumulated depreciation and amortization	(47,787,770)
NET PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS	**$ 456,583**

Depreciation and amortization expense for the year ended December 31, 2025 totaled $385,693.

5. LEASE COMMITMENTS

IAVI follows FASB ASC 842 for leases. IAVI has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. IAVI has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

IAVI leases its office space and certain office equipment under a non-cancelable operating lease agreement. In October 2010, IAVI entered into a lease agreement for office space in New York City. The lease term commenced in 2011 for an initial 15-year term, with an option to renew for an additional five years and includes escalation charges over the lease term. Effective October 1, 2025, IAVI renegotiated the lease to reduce the square footage and cost and extend the term for five years and five months, through February 28, 2031. The extension also includes a five-month rent-free period.

5. LEASE COMMITMENTS (Continued)

On August 24, 2023, IAVI entered into an agreement to lease a new lab space in Jersey City, New Jersey, that would have IAVI moving from the Brooklyn Army Terminal space. This lease term commenced upon completion of the buildout, in December 2024, and has a 190-month term. This lease also includes a 10-month, rent-free period, and calls for escalation charges over the lease term.

In October 2023, IAVI entered into a lease agreement for a space located in San Diego, California. The lease assignment terms commenced on October 11, 2023 and has a remaining term of 35 months.

For the year ended December 31, 2025, total lease cost was $6,833,161, net of sublease income of $41,001 and is included in Infrastructure fixed operating expenses in the Consolidated Statement of Functional Expenses. For the year ended December 31, 2025, total cash paid was $1,798,086 for all operating leases. As of December 31, 2025, the weighted-average remaining lease term and rate for operating leases is 12 years and 4.04%, respectively.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	Total Rental Payments
2026	$ 4,342,406
2027	3,299,376
2028	3,355,811
2029	3,413,657
2030	3,472,950
Thereafter	24,727,372
Total	42,611,572
Less: Imputed interest	(10,832,438)
OPERATING LEASE LIABILITIES, NET	**$ 31,779,134**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2025:

Subject to Expenditure for Specified Purpose:	
Research and Development	**$ 35,748,285**

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2025:

Program Restriction Accomplished:	
Research and Development	**$ 11,722,631**

7. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)

The following reflects IAVI's financial assets as of the date of the Consolidated Statement of Financial Position, reduced by amounts not available for general use within one year from the date of the Consolidated Statement of Financial Position because of donor-imposed restrictions or internal designations.

Amounts not available include amounts received with contractual or donor restrictions, grants receivable not expected to be collected within one year, and amounts designated for reserves by the Board of Directors.

An analysis of financial assets available to meet cash needs for supporting service expenses within one year as of December 31, 2025 is as follows:

Cash and cash equivalents	$ 23,235,930
Investments	31,695,203
Grants receivable	33,098,333
Total financial assets	88,029,466
Less: Board designated funds	(14,331,763)
Less: Funds subject to donor-imposed purpose restrictions	(35,748,285)
Less: Deferred compensation investments	(606,717)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 37,342,701**

IAVI has a policy to structure its financial assets to be available and liquid as its obligations become due.

In addition, IAVI has a line-of-credit agreement (as further discussed in Note 10) which allows for additional available borrowings. Board designated funds of $14,331,763 can also be drawn upon if the Board of Directors approves such action. As per IAVI's reserve policy, and with Board approval, these funds can be used to mitigate the impact of unbudgeted financial events, pursue opportunities of strategic importance or to purchase capital equipment.

8. EMPLOYEE BENEFIT PLANS

In August 2022, IAVI went from one defined contribution retirement plan for employees to two under Sections 401(a) and 403(b) of the Internal Revenue Code (the Code). The 401(a) plan requires payment of between 5% and 9% of salary per employee per year by IAVI. The 403(b) plan allows eligible employees to contribute pre-tax dollars from their salaries up to the maximum amount specified by the Code. IAVI matches employee contributions up to 2% per year. Effective March 1, 2025, IAVI temporarily stopped contributing the employer 2% match. IAVI’s contributions to retirement plans were $2,627,385 during the year ended December 31, 2025.

IAVI established a deferred compensation plan (the Plan) under Section 457(b) of the Code. The Plan allows certain eligible management and highly compensated employees to voluntarily defer a portion of compensation. Amounts deferred by Plan participants are held by an outside trustee. The balance on the account is $606,717 as of December 31, 2025. Such amounts are included in investments and deferred compensation payable in the accompanying Consolidated Statement of Financial Position at December 31, 2025. IAVI does not contribute to the Plan. However, the Plan allows for employer discretionary contributions.

9. CONCENTRATION OF REVENUE

Approximately 28% ($27,874,688) of IAVI's revenue for the year ended December 31, 2025 was derived from grants awarded by agencies of the U.S. Government. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) could adversely affect IAVI's ability to finance ongoing operations. As of December 31, 2025, the total amount of unrecognized conditional promises to give derived from grants awarded by agencies of the U.S. Government amounted to $2,166,861.

In addition to funds received from agencies of the U.S. Government, IAVI has received significant conditional promises to give from a private foundation. As of December 31, 2025, the total amount of conditional promises to give from this private foundation amounted to $66,518,930. The receipt of future funding is conditional upon the private foundation approving IAVI's progress with the program as outlined in the award agreement. Failure by IAVI to fulfill the specified conditions could result in the return of unspent funds or a reduction in the amount of future funding. Revenue recognized during 2025 under awards from this private foundation totaled $30,922,385.

10. CONTINGENCIES

U.S. Government Funding -

IAVI receives grants from various agencies of the U.S. Government. For the year ended December 31, 2025, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The ultimate determination of amounts received under the U.S. Government grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2025. Until such audits have been accepted by the U.S. Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

On January 27, 2025, IAVI received a suspension of work order applicable to one of its U.S. Government funded programs, the USAID ADVANCE Cooperative Agreement. This directive was issued as a result of the Presidential Executive Order entitled "Reevaluating and Realigning United States Foreign Aid" which was issued on January 20, 2025 and mandates a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. The U.S. Government followed up with a termination notice on February 26, 2025 that directed IAVI to terminate the ADVANCE program that was entering its 9th year of U.S. Government funding in 2025. IAVI assessed the financial and operational impact of this event and has made several changes to alleviate the impact from the closing of this program including enacting a reduction in its workforce, evaluating all costs related to the ADVANCE and other programs, and evaluating the structure of its operations. IAVI has also ramped up its efforts for fundraising in 2025 to compensate for the loss of this U.S. Government funding. These consolidated financial statements include the assumption that IAVI will be compensated for the suspension costs submitted and the termination costs submitted to the U.S. Government per the agreement and their direction in the suspension and termination letters. As the majority of people at USAID lost their jobs, it has been a long, bureaucratic process to recover the suspension and termination dollars owed to IAVI.

10. CONTINGENCIES (Continued)

U.S. Government Funding (continued) -

While this has taken some time, management still believes the obligation will be paid by the U.S. Government as regular conversations are ongoing with respective agreement officers who continue to provide direction on the process to review, approve and pay IAVI's submissions. The total amount owed to IAVI for suspension and termination close-out costs is approximately $5,600,000 and is included in Grants receivable, net in the accompanying Consolidated Statement of Financial Position as of December 31, 2025.

Conditional Contributions -

At December 31, 2025, IAVI has been approved for certain conditional grants from public and private sources. In accordance with U.S. GAAP, such conditional contributions are not recognized as revenue until such time as the related conditions have been met.

These contributions are intended to fund IAVI's operations for a period of between two and four years and are conditioned upon IAVI expending funds for the program purposes specified in the respective proposals submitted to the assorted grantors.

In some instances, for IAVI to receive funds according to the agreements underlying these conditional contributions, IAVI must develop new programs, identify new vaccine development partners and achieve project milestones.

Programs are subject to annual review by the grantors. If IAVI is unable to expend funds in accordance with the program objectives or is unable to meet its program objectives, grantors may discontinue funding.

Total conditional contributions outstanding at December 31, 2025 amounted to $68,685,791, which includes $2,166,861 derived from grants awarded by agencies of the U.S. Government and $66,518,930 from a private foundation (Note 9).

Letter of Credit -

IAVI has an outstanding standby letter of credit of $398,976, serving as a security deposit under its lease for new office space in New York and an outstanding standby letter of credit of $1,072,152 serving as a security deposit under its lease for new Lab space in New Jersey.

Line-of-Credit -

On June 1, 2024, IAVI entered into a $20,000,000 secured line-of-credit arrangement with a financial institution. This facility is subject to annual renewal by the bank in its sole discretion. Under the terms, the bank may provide loans, at the bank's discretion, and is not committed to lend to IAVI. Each loan, if made, shall bear interest at a rate selected by IAVI: (a) Prime Rate or (b) Secured Overnight Financing Rate (SOFR) plus 0.95% for one month, 1% for three months and 1.1% for six months. However, as of December 31, 2025 Board designated funds dropped below $20,000,000 and IAVI cannot access the line-of-credit. Management is currently in the process of renegotiating with IAVI's bank on an updated borrowing limit.

10. CONTINGENCIES (Continued)

General -

Various claims and regulatory reviews arise in the ordinary course of IAVI's activities. Based upon information currently available, management believes that any liability arising therefrom will not materially affect the consolidated financial position and operations of IAVI.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, IAVI has evaluated events and transactions for potential recognition or disclosure through July 28, 2026, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025

	IAVI*	The Stichting	IAVI India	IAVI-SA	IAVI-AFRICA	Eliminations	Total
ASSETS							
Cash and cash equivalents	$ 22,425,012	$ 322,730	$ 47,742	$ 410,481	$ 29,965	$ -	$ 23,235,930
Investments	31,695,203	-	-	-	-	-	31,695,203
Grants receivable, net	55,697,029	28,020	128,117	505,376	425,486	(68,063)	56,715,965
Security deposits and other assets	857,051	27,596	(10,365)	14,715	115,426	-	1,004,423
Right-of-use assets, net	29,440,969	-	-	-	-	-	29,440,969
Property, equipment and leasehold improvements, net	456,152	431	-	-	-	-	456,583
TOTAL ASSETS	**$ 140,571,416**	**$ 378,777**	**$ 165,494**	**$ 930,572**	**$ 570,877**	**$ (68,063)**	**$ 142,549,073**
LIABILITIES							
Accounts payable and accrued liabilities	$ 7,706,583	$ 406,196	$ 33,734	$ 201,446	$ 93,583	$ (68,063)	$ 8,373,479
Awards and contracts payable	11,547,500	10,303	-	942	-	-	11,558,745
Refundable advances	40,150,950	-	-	-	-	-	40,150,950
Deferred compensation payable	606,717	-	-	-	-	-	606,717
Operating lease liabilities, net	31,779,134	-	-	-	-	-	31,779,134
Total liabilities	91,790,884	416,499	33,734	202,388	93,583	(68,063)	92,469,025
NET ASSETS							
Without donor restrictions:							
Board designated	12,868,722	(77,724)	72,440	842,436	625,889	-	14,331,763
With donor restrictions	35,911,810	40,002	59,320	(114,252)	(148,595)	-	35,748,285
Total net assets	48,780,532	(37,722)	131,760	728,184	477,294	-	50,080,048
TOTAL LIABILITIES AND NET ASSETS	**$ 140,571,416**	**$ 378,777**	**$ 165,494**	**$ 930,572**	**$ 570,877**	**$ (68,063)**	**$ 142,549,073**

*Includes International AIDS Vaccine Initiative, Inc. and IAVI Lab LLC

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	IAVI*			The Stichting		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	$ 78,408,100	$ 22,146,963	$ 100,555,063	$ 192	$ 116,653	$ 116,845
Net investment return	2,005,536	-	2,005,536	438	-	438
Other income	760,529	-	760,529	-	-	-
Net assets released from donor restrictions	10,499,806	(10,499,806)	-	225,310	(225,310)	-
Total revenue and support	91,673,971	11,647,157	103,321,128	225,940	(108,657)	117,283
EXPENSES						
Program Services:						
Research and Development	79,600,513	-	79,600,513	1,796,041	-	1,796,041
Vaccine Advocacy, Public Affairs and Policy	1,774,175	-	1,774,175	906,150	-	906,150
Total program services	81,374,688	-	81,374,688	2,702,191	-	2,702,191
Supporting Services:						
General and Administrative	13,353,484	-	13,353,484	58,434	-	58,434
Fundraising	205,827	-	205,827	323,810	-	323,810
Total supporting services	13,559,311	-	13,559,311	382,244	-	382,244
Total expenses	94,933,999	-	94,933,999	3,084,435	-	3,084,435
Change in net assets before other items	(3,260,028)	11,647,157	8,387,129	(2,858,495)	(108,657)	(2,967,152)
OTHER ITEMS - NON-OPERATING						
De-obligation of funds	-	(1,627,058)	(1,627,058)	-	(121,207)	(121,207)
Currency translation adjustment	118,048	-	118,048	99,684	-	99,684
Foreign exchange gain (loss)	730,269	2,102,886	2,833,155	(1,483)	-	(1,483)
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	(12,323,792)	-	(12,323,792)	2,768,788	-	2,768,788
Change in net assets	(14,735,503)	12,122,985	(2,612,518)	8,494	(229,864)	(221,370)
Net assets at beginning of year	27,604,225	23,788,825	51,393,050	(86,218)	269,866	183,648
NET ASSETS AT END OF YEAR	**$ 12,868,722**	**$ 35,911,810**	**$ 48,780,532**	**$ (77,724)**	**$ 40,002**	**$ (37,722)**

*Includes International AIDS Vaccine Initiative, Inc. and IAVI Lab LLC

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	IAVI India			IAVI-SA		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	$ 138,365	$ -	$ 138,365	$ 47,686	$ 14,583	$ 62,269
Net investment return	3,762	-	3,762	2,251	-	2,251
Other income	-	-	-	-	-	-
Net assets released from donor restrictions	63,662	(63,662)	-	374,392	(374,392)	-
Total revenue and support	205,789	(63,662)	142,127	424,329	(359,809)	64,520
EXPENSES						
Program Services:						
Research and Development	63,060	-	63,060	4,950,546	-	4,950,546
Vaccine Advocacy, Public Affairs and Policy	3,458	-	3,458	495	-	495
Total program services	66,518	-	66,518	4,951,041	-	4,951,041
Supporting Services:						
General and Administrative	135,119	-	135,119	204,024	-	204,024
Fundraising	-	-	-	-	-	-
Total supporting services	135,119	-	135,119	204,024	-	204,024
Total expenses	201,637	-	201,637	5,155,065	-	5,155,065
Change in net assets before other items	4,152	(63,662)	(59,510)	(4,730,736)	(359,809)	(5,090,545)
OTHER ITEMS - NON-OPERATING						
De-obligation of funds	-	-	-	-	-	-
Currency translation adjustment	77,584	-	77,584	49,010	-	49,010
Foreign exchange gain (loss)	-	-	-	43,659	14,057	57,716
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	-	-	-	5,257,004	-	5,257,004
Change in net assets	81,736	(63,662)	18,074	618,937	(345,752)	273,185
Net assets at beginning of year	(9,296)	122,982	113,686	223,499	231,500	454,999
NET ASSETS AT END OF YEAR	**$ 72,440**	**$ 59,320**	**$ 131,760**	**$ 842,436**	**$ (114,252)**	**$ 728,184**

SCHEDULE 2
(Continued)

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	IAVI-AFRICA				
	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
REVENUE AND SUPPORT					
Grants and contributions	$ 135,540	$ -	$ 135,540	$ (301,454)	$ 100,706,628
Net investment return	-	-	-	-	2,011,987
Other income	-	-	-	-	760,529
Net assets released from donor restrictions	559,461	(559,461)	-	-	-
Total revenue and support	695,001	(559,461)	135,540	(301,454)	103,479,144
EXPENSES					
Program Services:					
Research and Development	4,215,474	-	4,215,474	-	90,625,634
Vaccine Advocacy, Public Affairs and Policy	110,811	-	110,811	-	2,795,089
Total program services	4,326,285	-	4,326,285	-	93,420,723
Supporting Services:					
General and Administrative	101,546	-	101,546	(301,454)	13,551,153
Fundraising	-	-	-	-	529,637
Total supporting services	101,546	-	101,546	(301,454)	14,080,790
Total expenses	4,427,831	-	4,427,831	(301,454)	107,501,513
Change in net assets before other items	(3,732,830)	(559,461)	(4,292,291)	-	(4,022,369)
OTHER ITEMS - NON-OPERATING					
De-obligation of funds	-	(294,951)	(294,951)	-	(2,043,216)
Currency translation adjustment	(31,836)	-	(31,836)	-	312,490
Foreign exchange gain (loss)	(66,541)	(100,416)	(166,957)	-	2,722,431
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	4,298,000	-	4,298,000	-	-
Change in net assets	466,793	(954,828)	(488,035)	-	(3,030,664)
Net assets at beginning of year	159,096	806,233	965,329	-	53,110,712
NET ASSETS AT END OF YEAR	**$ 625,889**	**$ (148,595)**	**$ 477,294**	**$ -**	**$ 50,080,048**