

**AUDIT REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**

**INTERNATIONAL AIDS  
VACCINE INITIATIVE, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2020**

**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, 2021, 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, 2021, and the consolidated change in its net assets and its 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 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, 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 6, 2022, 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.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is cursive and fluid, with "Gelman" on the first line, "Rosenberg" on the second line, and "& Freedman" on the third line.

July 6, 2022

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 37,840,331	\$ 21,830,649
Investments	32,733,205	32,786,297
Grants receivable	32,200,893	20,343,684
Contracts receivable	5,178,534	6,678,534
Security deposits and other assets	631,075	640,934
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$44,135,475	<u>3,893,629</u>	<u>4,029,295</u>
<b>TOTAL ASSETS</b>	<b>\$112,477,667</b>	<b>\$ 86,309,393</b>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Loans payable	\$ -	\$ 3,497,600
Accounts payable and accrued liabilities	8,057,437	11,197,536
Awards and contracts payable	10,451,393	6,236,757
Refundable advances	32,715,982	18,787,949
Deferred grant revenue	2,800,000	1,600,000
Deferred rent	1,576,616	1,913,886
Deferred compensation payable	<u>1,052,046</u>	<u>881,267</u>
Total liabilities	<u>56,653,474</u>	<u>44,114,995</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	-	447,166
Designated	<u>38,219,349</u>	<u>32,391,316</u>
Total net assets without donor restrictions	38,219,349	32,838,482
With donor restrictions	<u>17,604,844</u>	<u>9,355,916</u>
Total net assets	<u>55,824,193</u>	<u>42,194,398</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$112,477,667</b>	<b>\$ 86,309,393</b>

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<b>2021</b>		<b>2020</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>				
Grants, contributions and contracts	\$107,936,203	\$ 19,257,724	\$127,193,927	\$ 96,507,151
Interest and investment (loss) income, net	(45,174)	-	(45,174)	641,011
Other income	3,632,251	-	3,632,251	239,817
Net assets released from donor restrictions	<u>9,581,845</u>	<u>(9,581,845)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>121,105,125</u>	<u>9,675,879</u>	<u>130,781,004</u>	<u>97,387,979</u>
<b>EXPENSES</b>				
Program Services:				
Research and Development	98,565,826	-	98,565,826	75,645,371
Contract Manufacturing - Related Activities	2,408,245	-	2,408,245	7,280,947
Vaccine Advocacy, Public Affairs and Policy	<u>1,764,879</u>	<u>-</u>	<u>1,764,879</u>	<u>1,811,479</u>
Total program services	<u>102,738,950</u>	<u>-</u>	<u>102,738,950</u>	<u>84,737,797</u>
Supporting Services:				
General and Administrative	11,369,930	-	11,369,930	11,396,355
Fundraising	<u>1,159,542</u>	<u>-</u>	<u>1,159,542</u>	<u>962,917</u>
Total supporting services	<u>12,529,472</u>	<u>-</u>	<u>12,529,472</u>	<u>12,359,272</u>
Total expenses	<u>115,268,422</u>	<u>-</u>	<u>115,268,422</u>	<u>97,097,069</u>
Change in net assets before other items	5,836,703	9,675,879	15,512,582	290,910
<b>OTHER ITEMS - NON-OPERATING</b>				
Foreign exchange (loss) gain loss	(455,836)	(771,376)	(1,227,212)	751,166
De-obligation of funds	<u>-</u>	<u>(655,575)</u>	<u>(655,575)</u>	<u>(246,833)</u>
Change in net assets	5,380,867	8,248,928	13,629,795	795,243
Net assets at beginning of year	<u>32,838,482</u>	<u>9,355,916</u>	<u>42,194,398</u>	<u>41,399,155</u>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 38,219,349</b>	<b>\$ 17,604,844</b>	<b>\$ 55,824,193</b>	<b>\$ 42,194,398</b>

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021							2020	
	Program Services				Supporting Services				
	Contract Research and Development		Vaccine Manufacturing - Related Activities		General and Administrative		Fundraising	Total Supporting Services	Total Expenses
Awards and contracts	\$ 58,866,322	\$ 2,408,245	\$ 220,116	\$ 61,494,683	\$ -	\$ -	\$ -	\$ 61,494,683	\$ 48,094,170
Salaries, wages and benefits	32,451,458	-	1,303,911	33,755,369	8,358,570	664,970	9,023,540	42,778,909	38,935,027
Travel and workshops	376,188	-	65,135	441,323	34,940	770	35,710	477,033	640,350
Professional services	138,886	-	53,865	192,751	1,783,810	306,674	2,090,484	2,283,235	1,868,938
Infrastructure fixed operating expenses	3,089,743	-	36,745	3,126,488	304,474	55,419	359,893	3,486,381	3,613,114
Information technology	1,465,554	-	43,145	1,508,699	523,140	83,996	607,136	2,115,835	1,334,022
Consumable/variable operating expenses	439,692	-	32,088	471,780	186,586	11,018	197,604	669,384	616,805
Insurance	262,962	-	947	263,909	90,598	20,749	111,347	375,256	322,433
Finance charges	134,119	-	3,613	137,732	42,640	7,868	50,508	188,240	279,810
Depreciation and amortization	1,340,902	-	5,314	1,346,216	45,172	8,078	53,250	1,399,466	1,392,400
<b>TOTAL</b>	<b>\$ 98,565,826</b>	<b>\$ 2,408,245</b>	<b>\$ 1,764,879</b>	<b>\$ 102,738,950</b>	<b>\$ 11,369,930</b>	<b>\$ 1,159,542</b>	<b>\$ 12,529,472</b>	<b>\$ 115,268,422</b>	<b>\$ 97,097,069</b>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 13,629,795	\$ 795,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,399,466	1,392,400
Net realized and unrealized loss	553,801	16,196
PPP loan forgiveness	(3,429,355)	-
Gain on forgiveness of loan payable	(68,245)	(63,601)
(Increase) decrease in:		
Grants receivable	(11,857,209)	1,650,426
Contracts receivable	1,500,000	(4,841,205)
Security deposits and other assets	9,859	(139,057)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(3,140,100)	4,601,510
Awards and contracts payable	4,214,636	(502,057)
Refundable advances	13,928,033	577,517
Deferred grant revenue	1,200,000	(1,100,000)
Deferred rent	(337,270)	(308,174)
Deferred compensation payable	<u>170,779</u>	<u>197,619</u>
Net cash provided by operating activities	<u>17,774,190</u>	<u>2,276,817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,263,800)	(253,452)
Net (purchases) sales of investments	<u>(500,708)</u>	<u>3,192,376</u>
Net cash (used) provided by investing activities	<u>(1,764,508)</u>	<u>2,938,924</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans payable	-	3,429,355
Proceeds from line of credit	-	(24,600,000)
Payments on line of credit	<u>-</u>	<u>24,600,000</u>
Net cash provided by financing activities	<u>-</u>	<u>3,429,355</u>
Net increase in cash and cash equivalents	16,009,682	8,645,096
Cash and cash equivalents at beginning of year	<u>21,830,649</u>	<u>13,185,553</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 37,840,331</b>	<b>\$ 21,830,649</b>

## **INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021**

#### **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 Holdings LLC; and IAVI Lab LLC (collectively, IAVI). IAVI is a nonprofit scientific research organization dedicated to addressing urgent, unmet global health challenges including HIV and tuberculosis. The Organization's mission is to translate scientific discoveries into affordable, globally accessible public health solutions. IAVI is headquartered in New York City and has operations in seven countries.

IAVI focuses on three 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. Expenditures related to these activities involve IAVI's efforts to design and develop vaccines and antibodies, conduct trials, and perform epidemiological research in partnership with scores of academic, biotechnology, pharmaceutical and governmental institutions. Expenditures related to these activities are classified under Research and Development.
2. Through its Product Development Center, IAVI supports external researchers with technical and scientific expertise to accelerate the development of their own products. Expenditures related to partnership activities with contract manufacturing organizations and contract research organizations to advance product development for HIV and other emerging infectious diseases are classified as Contract Manufacturing-related Activities.
3. 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. Expenditures related to these activities are classified as Vaccine Advocacy, Public Affairs, and Policy.

##### **Basis for consolidation -**

The accompanying consolidated financial statements include the financial activity of the International AIDS Vaccine Initiative, Inc.; the Stichting; IAVI India; IAVI Holdings LLC; 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 International AIDS Vaccine Initiative, Inc. oversight, work within International AIDS Vaccine Initiative, Inc. strategy, and are funded in part by 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 the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*.

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Basis of presentation (continued) -

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** - include revenue and contributions received without donor imposed restrictions. The Board of Directors has designated a portion of the net assets without donor restrictions as a reserve for possible contingencies and working capital needs as well as funding for future innovation and programming with respect to IAVI's research and development programs. The total amount of Board designated net assets at December 31, 2021 was \$38,219,349.
- **Net Assets With Donor Restrictions** - include revenue and contributions subject to donor imposed stipulations that will be met by the actions of IAVI and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions.

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, 2020, 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 interest and investment income, 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 and contracts receivable -

Grants and contracts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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 term of the related lease or the life of the asset; whichever is shorter.

The cost of maintenance and repairs is recorded as expenses as 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.

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

IAVI Holdings, LLC is a limited liability corporation that has elected to be taxed as a corporation. The International AIDS Vaccine Initiative, Inc. is the sole member of IAVI Holdings, LLC.

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.

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

Uncertain tax positions -

For the year ended December 31, 2021, management of IAVI has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Revenue recognition for grants, contributions and contracts -

The majority of IAVI's activities are supported by grants, contributions and contracts from the U.S. Government, foreign governments and other private entities. These awards are for various activities performed by IAVI. Grants and contributions are recognized in the appropriate category of net assets in the period received. IAVI performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and 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. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Grants or contributions qualifying as conditional contributions contain a right of return from obligation provisions that limit IAVI on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. IAVI recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

Contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. IAVI has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost.

Funding from U.S. Government agencies and foreign government agencies accounted for a combined 76% of total grants, contributions and contracts revenue for 2021.

Grants and contracts 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 and contractual agreements.

All grants receivable at December 31, 2021, excluding six grants from the European Commission, one grant from the Ministry of Science and Technology of the Government of India and one grant from the Biotechnology Industry Research Assistance Council of India, are expected to be received within the next year unless otherwise stipulated by the donors.

At December 31, 2021, grants from U.S. Government agencies and foreign government agencies represented approximately 32% and 44% of grants receivable, respectively.

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Revenue recognition for grants, contributions and contracts (continued) -

As of December 31, 2021, the following funds are included in grants receivable in the accompanying Consolidated Statement of Financial Position:

- \$171,472 (EUR 160,000) from the Ministry of Foreign Affairs of the Netherlands.
- \$28,780 (GBP 20,593) from the Department for International Development of U.K.
- \$4,119,089 from Coalition for Epidemic Preparedness Innovations (CEPI). \$4,031,340 had been reported to CEPI as of December 31, 2021 prior to the actual closure of IAVI's accounting records. The difference relates to additional expenditures which had not been recorded when the report was submitted to CEPI.

For the year ended December 31, 2021, 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:

- \$4,603,128 (EUR 3,841,000) from the Ministry of Foreign Affairs of the Netherlands.
- \$788,840 (DKK 5,000,000) from the Ministry of Foreign Affairs of Denmark.
- \$2,667,383 from the CEPI.
- \$2,183,102 from the World Bank.

The funds from the Ministry of Foreign Affairs of Netherlands and Denmark, the World Bank and the CEPI were fully expended as of December 31, 2021 in accordance with the terms of the grant agreements.

Cost-reimbursement contract expenses -

IAVI incurs significant expenses under cost-reimbursable contracts. IAVI's policy is to recognize contract expenses when the funds are disbursed to the contractors.

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 December 31st exchange rates.

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.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Functional allocation of expenses (continued) -

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 statement.

Fair value measurement -

IAVI adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. IAVI accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

IAVI plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying consolidated financial statements.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**2. INVESTMENTS**

Investments consisted of the following at December 31, 2021:

	<u>Fair Value</u>
Investments:	
Fixed Income Securities/Bonds	\$ 31,681,159
Deferred Compensation Plan Investments:	
Mutual Funds	<u>1,052,046</u>
<b>TOTAL INVESTMENTS</b>	<b>\$ <u>32,733,205</u></b>

Included in interest and investment loss the following for the year ended December 31, 2021:

Interest and dividends	\$ 596,902
Net realized and unrealized loss	(553,801)
Investment fees and commissions	<u>(88,275)</u>
<b>TOTAL INTEREST AND INVESTMENT LOSS, NET</b>	<b>\$ <u>(45,174)</u></b>

**3. GRANTS AND CONTRACTS RECEIVABLE**

As of December 31, 2021, IAVI has written grant commitments from various donors, including the U.S. Government, foreign governments and private foundations, totaling \$32,200,893.

Following is a summary, by year, of the anticipated payments to be received against the grants receivable as of December 31, 2021:

Less than one year	\$ 24,033,979
One to five years	<u>8,166,914</u>
<b>TOTAL GRANTS RECEIVABLE</b>	<b>\$ <u>32,200,893</u></b>

In addition, as of December 31, 2021, IAVI has certain contracts receivable totaling \$5,178,534, which are due within one year.

**4. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Property, equipment and leasehold improvements consisted of the following at December 31, 2021:

Property and equipment	\$ 27,868,145
Leasehold improvements	<u>20,160,959</u>
Total property, equipment and leasehold improvements	48,029,104
Less: Accumulated depreciation and amortization	<u>(44,135,475)</u>
<b>NET PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS</b>	<b>\$ <u>3,893,629</u></b>

Depreciation and amortization expense for the year ended December 31, 2021 totaled \$1,399,466.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**5. LOANS PAYABLE**

As of December 31, 2021 IAVI had no outstanding loans payable. The balance of the following loans were fully forgiven during the year.

Laboratory refurbishment loan:

In August 2011, IAVI entered into a loan agreement with a research partner under which the partner lent funds to IAVI to refurbish laboratory space used by IAVI. IAVI has no more obligation as of December 31, 2021 under the loan agreement. The loan did not bear interest and was to be repaid in equal annual installments commencing on August 1, 2012 through August 1, 2021.

Paycheck Protection Program loan:

On April 22, 2020, IAVI received loan proceeds in the amount of \$3,429,355 under the Paycheck Protection Program. The promissory note initially called for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. On June 5, 2020, the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) was signed into law, amending the CARES Act, including the first payment date.

On September 20, 2021, the loan amount of \$3,429,355 was fully forgiven. The revenue from debt extinguishment is recorded under other income in the accompanying Consolidated Statement of Activities and Change in Net Assets.

**6. LEASE COMMITMENTS**

IAVI leases its office space and certain office equipment under non-cancelable operating lease agreements. In October 2010, IAVI entered into a lease agreement for new office space in New York City. The lease term commenced in 2011 and has a 15-year term. IAVI has the right to renew the lease for an additional five years after the first 15 years is completed. The lease calls for escalation charges over the lease term.

In June 2007, IAVI entered into a lease agreement at the Brooklyn Army Terminal for laboratory and office space. This lease term commenced on November 1, 2008 and has a 15-year term. The lease also included a 10-month, rent free period, and calls for escalation charges over the lease term.

On April 29, 2019, IAVI entered into a sub-lease agreement with another not-for-profit organization. Through this agreement, IAVI sub-leases approximately 35% of its office space in New York City. The agreement commenced in May 2019 and shall expire on September 30, 2026. Subsequent to year-end, the organization exercised the right to early terminate the lease as of August 3, 2022. The basic annual rent was set at \$570,000.

IAVI also sub-leases lab space under terms that expire on various dates.

# **INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021**

## **6. LEASE COMMITMENTS (Continued)**

Aggregate minimum lease payments are being amortized on the straight line basis over the term of the lease. The current difference between rent expense so calculated and amounts paid in accordance with the terms of the lease totals \$1,576,616, and is included in deferred rent in the accompanying Consolidated Statement of Financial Position. The balance of the deferred rent liability will be amortized over the remaining term of the lease. The following is a schedule of the future minimum lease payments and rental income:

<u>Year Ending December 31,</u>	<u>Total Rental Payments</u>	<u>Rental Income</u>	<u>Net</u>
2022	\$ 3,669,164	\$ (702,363)	\$ 2,966,801
2023	3,622,501	(32,964)	3,589,537
2024	3,343,005	-	3,343,005
2025	3,347,225	-	3,347,225
2026	<u>2,967,065</u>	<u>-</u>	<u>2,967,065</u>
	<b>\$ 16,948,960</b>	<b>\$ (735,327)</b>	<b>\$ 16,213,633</b>

Rent expense, net of sublease income of \$1,043,283, was \$1,989,594 for the year ended December 31, 2021, and is included in Infrastructure fixed operating expenses in the Consolidated Statement of Functional Expenses.

## **7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2021:

**Subject to Expenditure for Specified Purpose:**  
**Research and Development** \$ **17,604,844**

During 2021, the following net assets with donor restrictions were released from donor restrictions by the passage of time or as a result of IAVI incurring expenses which satisfied the restricted purposes specified by the donors:

**Program Restriction Accomplished:** **Research and Development** \$ **9,581,845**

#### **8. 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 contractual or 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.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**8. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY) (Continued)**

An analysis of financial assets available to meet cash needs for supporting service expenses within one year as of December 31, 2021 is as follows:

Cash and cash equivalents	\$ 37,840,331
Investments	32,733,205
Grants receivable	32,200,893
Contracts receivable	5,178,534
Accounts receivable	<u>180,363</u>
 Total financial assets	108,133,326
Less: Board designated funds	(38,219,349)
Less: Refundable advances	(32,715,982)
Less: Funds subject to donor-imposed purpose restrictions	(17,604,844)
Less: Deferred compensation investments	<u>(1,052,046)</u>
 <b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR SUPPORTING SERVICE EXPENSES WITHIN ONE YEAR</b>	<b>\$ 18,541,105</b>

IAVI has a policy to structure its financial assets to be available and liquid as its obligations become due. IAVI has financial assets at December 31, 2021 to fund approximately nineteen months of supporting service expenses. IAVI estimates another \$40,000,000 of financial assets will be available, as a release of net assets with donor restrictions and revenue recognition from refundable advances, to meet cash needs for program expenditures in 2022.

In addition, IAVI has a line-of-credit agreement (as further discussed in Note 11) which allows for additional available borrowings up to \$25,000,000. Board designated funds of \$38,219,349 can also be drawn upon if the Board of Directors approves such action. These funds can be used to mitigate the impact of unbudgeted financial events, pursue opportunities of strategic importance or to purchase capital equipment.

**9. EMPLOYEE BENEFIT PLANS**

IAVI has a defined contribution retirement plan for employees under Section 403(b) of the Internal Revenue Code (the Code). The Plan requires payment of between 5% and 9% of salary per employee per year by IAVI. The 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. IAVI's contributions to retirement plans were \$2,307,728 during the year ended December 31, 2021.

IAVI established a deferred compensation 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.

Such amounts are included in investments and deferred compensation payable in the accompanying Consolidated Statement of Financial Position at December 31, 2021. IAVI does not contribute to the Plan.

**10. CONCENTRATION OF REVENUE**

Approximately 51% (\$67,800,000) of IAVI's revenue for the year ended December 31, 2021 was derived from grants and contracts awarded by agencies of the U.S. Government.

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

#### **10. CONCENTRATION OF REVENUE (Continued)**

IAVI has no reason to believe that its relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect IAVI's ability to finance ongoing operations. As of December 31, 2021, the total amount of conditional promises to give derived from grants awarded by agencies of the U.S. Government amounted to \$20,686,503.

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, 2021, the total amount of conditional promises to give from this private foundation amounted to \$54,575,452. 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 2021 under awards from this private foundation totaled \$19,025,810.

#### **11. CONTINGENCIES**

##### **U.S. Government Funding -**

IAVI receives grants from various agencies of the U.S. Government. For the year ended December 31, 2021, 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 2021. 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.

##### **Conditional Contributions -**

At December 31, 2021, 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 with 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, 2021 amounted to \$103,396,151, which includes \$20,686,503 derived from grants awarded by agencies of the U.S. Government and \$54,575,452 from a private foundation (Note 10).

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

#### **11. CONTINGENCIES (Continued)**

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.

Line-of-Credit -

On June 1, 2018, IAVI entered into a \$25,000,000 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 of the line-of-credit, 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 the variable Libor rate plus 0.85%. There were no borrowings outstanding as of December 31, 2021.

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 wherefrom will not materially affect the consolidated financial position and operations of IAVI.

#### **12. FAIR VALUE MEASUREMENT**

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). 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 at December 31, 2021.

- *Fixed Income Securities/Bonds* - Valued at the closing price reported on the active market in which the individual securities are traded.

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**12. FAIR VALUE MEASUREMENT (Continued)**

- *Mutual Funds* - 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, by level within the fair value hierarchy, IAVI's investments as of December 31, 2021:

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments -				
Fixed Income Securities/Bonds	\$ -	\$ 31,681,159	\$ -	\$ 31,681,159
Deferred Compensation Plan				
Investments - Mutual Funds	<u>1,052,046</u>	<u>-</u>	<u>-</u>	<u>1,052,046</u>
<b>TOTAL</b>	<b><u>\$ 1,052,046</u></b>	<b><u>\$ 31,681,159</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 32,733,205</u></b>

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

**13. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, IAVI has evaluated events and transactions for potential recognition or disclosure through July 6, 2022, the date the consolidated financial statements were issued.

**SUPPLEMENTAL INFORMATION**

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021

## ASSETS

	<u>IAVI *</u>	<u>The Stichting</u>	<u>IAVI India</u>	<u>IAVI-SA</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 35,825,161	\$ 781,622	\$ 124,035	\$ 1,109,513	\$ -	\$ 37,840,331
Investments	32,733,205	-	-	-	-	32,733,205
Grants receivable	28,108,249	2,136,022	709,165	1,271,228	(23,771)	32,200,893
Contracts receivable	5,178,534	-	-	-	-	5,178,534
Security deposits and other assets	1,316,018	15,257	25,105	10,352	(735,657)	631,075
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$44,135,475	3,887,856	5,773	-	-	-	3,893,629
<b>TOTAL ASSETS</b>	<b>\$ 107,049,023</b>	<b>\$ 2,938,674</b>	<b>\$ 858,305</b>	<b>\$ 2,391,093</b>	<b>\$ (759,428)</b>	<b>\$ 112,477,667</b>

## LIABILITIES AND NET ASSETS

## LIABILITIES

Accounts payable and accrued liabilities	\$ 7,483,619	\$ 129,608	\$ 217,708	\$ 962,159	\$ (735,657)	\$ 8,057,437
Awards and contracts payable	10,451,288	23,876	-	-	(23,771)	10,451,393
Refundable advances	32,715,982	-	-	-	-	32,715,982
Deferred grant revenue	2,800,000	-	-	-	-	2,800,000
Deferred rent	1,575,793	-	-	823	-	1,576,616
Deferred compensation payable	1,052,046	-	-	-	-	1,052,046
Total liabilities	<u>56,078,728</u>	<u>153,484</u>	<u>217,708</u>	<u>962,982</u>	<u>(759,428)</u>	<u>56,653,474</u>

## NET ASSETS

Without donor restrictions:						
Undesignated	1,243,280	(989,097)	(75,591)	(178,592)	-	-
Designated	<u>38,219,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,219,349</u>
Total net assets without donor restrictions	<u>39,462,629</u>	<u>(989,097)</u>	<u>(75,591)</u>	<u>(178,592)</u>	<u>-</u>	<u>38,219,349</u>
With donor restrictions	<u>11,507,666</u>	<u>3,774,287</u>	<u>716,188</u>	<u>1,606,703</u>	<u>-</u>	<u>17,604,844</u>
Total net assets	<u>50,970,295</u>	<u>2,785,190</u>	<u>640,597</u>	<u>1,428,111</u>	<u>-</u>	<u>55,824,193</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 107,049,023</b>	<b>\$ 2,938,674</b>	<b>\$ 858,305</b>	<b>\$ 2,391,093</b>	<b>\$ (759,428)</b>	<b>\$ 112,477,667</b>

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

## INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	IAVI *			The Stichting		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Grants, contributions and contracts	\$ 108,035,480	\$ 14,723,918	\$ 122,759,398	\$ 214	\$ 3,490,626	\$ 3,490,840
Interest and investment (loss) income, net	(28,566)	-	(28,566)	27	-	27
Other income	3,600,642	-	3,600,642	30,846	-	30,846
Net assets released from donor restrictions	<u>8,380,565</u>	<u>(8,380,565)</u>	<u>-</u>	<u>95,785</u>	<u>(95,785)</u>	<u>-</u>
Total revenue and support	<u>119,988,121</u>	<u>6,343,353</u>	<u>126,331,474</u>	<u>126,872</u>	<u>3,394,841</u>	<u>3,521,713</u>
<b>EXPENSES</b>						
Program Services:						
Research and Development	95,501,340	-	95,501,340	305,400	-	305,400
Contract Manufacturing - Related Activities	2,408,245	-	2,408,245	-	-	-
Vaccine Advocacy, Public Affairs and Policy	<u>1,502,628</u>	<u>-</u>	<u>1,502,628</u>	<u>262,251</u>	<u>-</u>	<u>262,251</u>
Total program services	<u>99,412,213</u>	<u>-</u>	<u>99,412,213</u>	<u>567,651</u>	<u>-</u>	<u>567,651</u>
Supporting Services:						
General and Administrative	11,368,243	-	11,368,243	1,687	-	1,687
Fundraising	<u>383,949</u>	<u>-</u>	<u>383,949</u>	<u>775,593</u>	<u>-</u>	<u>775,593</u>
Total supporting services	<u>11,752,192</u>	<u>-</u>	<u>11,752,192</u>	<u>777,280</u>	<u>-</u>	<u>777,280</u>
Total expenses	<u>111,164,405</u>	<u>-</u>	<u>111,164,405</u>	<u>1,344,931</u>	<u>-</u>	<u>1,344,931</u>
Change in net assets before other items	8,823,716	6,343,353	15,167,069	(1,218,059)	3,394,841	2,176,782
<b>OTHER ITEMS - NON-OPERATING</b>						
Foreign exchange (loss) gain	(371,516)	(480,813)	(852,329)	(189,196)	(31,266)	(220,462)
De-obligation of funds	-	(629,331)	(629,331)	-	(26,244)	(26,244)
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	<u>(1,966,154)</u>	<u>-</u>	<u>(1,966,154)</u>	<u>547,072</u>	<u>-</u>	<u>547,072</u>
Change in net assets	6,486,046	5,233,209	11,719,255	(860,183)	3,337,331	2,477,148
Net assets at beginning of year	<u>32,976,583</u>	<u>6,274,457</u>	<u>39,251,040</u>	<u>(128,914)</u>	<u>436,956</u>	<u>308,042</u>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 39,462,629</b>	<b>\$ 11,507,666</b>	<b>\$ 50,970,295</b>	<b>\$ (989,097)</b>	<b>\$ 3,774,287</b>	<b>\$ 2,785,190</b>

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

**SCHEDULE 2**  
**(Continued)**

**INTERNATIONAL AIDS VACCINE INITIATIVE, INC.**

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	IAVI India			IAVI-SA				<u>Eliminations</u>	<u>Consolidated</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>			
<b>REVENUE AND SUPPORT</b>									
Grants, contributions and contracts	\$ -	\$ 120,451	\$ 120,451	\$ 129,191	\$ 922,729	\$ 1,051,920	\$ (228,682)	\$ 127,193,927	
Interest and investment (loss) income, net	\$ (16,635)	-	\$ (16,635)	-	-	-	-		\$ (45,174)
Other income	53	-	53	710	-	710	-		3,632,251
Net assets released from donor restrictions	<u>266,795</u>	<u>(266,795)</u>	<u>-</u>	<u>838,700</u>	<u>(838,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>250,213</u>	<u>(146,344)</u>	<u>103,869</u>	<u>968,601</u>	<u>84,029</u>	<u>1,052,630</u>	<u>(228,682)</u>	<u>130,781,004</u>	
<b>EXPENSES</b>									
Program Services:									
Research and Development	329,262	-	329,262	2,658,506	-	2,658,506	(228,682)	98,565,826	
Contract Manufacturing - Related Activities	-	-	-	-	-	-	-	2,408,245	
Vaccine Advocacy, Public Affairs and Policy	-	-	-	-	-	-	-	1,764,879	
Total program services	<u>329,262</u>	<u>-</u>	<u>329,262</u>	<u>2,658,506</u>	<u>-</u>	<u>2,658,506</u>	<u>(228,682)</u>	<u>102,738,950</u>	
Supporting Services:									
General and Administrative	-	-	-	-	-	-	-	11,369,930	
Fundraising	-	-	-	-	-	-	-	1,159,542	
Total supporting services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,529,472</u>	
Total expenses	<u>329,262</u>	<u>-</u>	<u>329,262</u>	<u>2,658,506</u>	<u>-</u>	<u>2,658,506</u>	<u>(228,682)</u>	<u>115,268,422</u>	
Change in net assets before other items	(79,049)	(146,344)	(225,393)	(1,689,905)	84,029	(1,605,876)	-	15,512,582	
<b>OTHER ITEMS - NON-OPERATING</b>									
Foreign exchange (loss) gain	10,217	(25,153)	(14,936)	94,659	(234,144)	(139,485)	-	(1,227,212)	
De-obligation of funds	-	-	-	-	-	-	-	(655,575)	
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	-	-	-	<u>1,419,082</u>	<u>-</u>	<u>1,419,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(68,832)	(171,497)	(240,329)	(176,164)	(150,115)	(326,279)	-	13,629,795	
Net assets at beginning of year	(6,759)	887,685	880,926	(2,428)	1,756,818	1,754,390	-	42,194,398	
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ (75,591)</b>	<b>\$ 716,188</b>	<b>\$ 640,597</b>	<b>\$ (178,592)</b>	<b>\$ 1,606,703</b>	<b>\$ 1,428,111</b>	<b>\$ -</b>	<b>\$ 55,824,193</b>	