

**AUDIT REPORT ON THE
CONSOLIDATED FINANCIAL STATEMENTS**

**INTERNATIONAL AIDS
VACCINE INITIATIVE, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 4
EXHIBIT A - Consolidated Statement of Financial Position, as of December 31, 2022, with Summarized Financial Information for 2021	5
EXHIBIT B - Consolidated Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2022, with Summarized Financial Information for 2021	6
EXHIBIT C - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2022, with Summarized Financial Information for 2021	7
EXHIBIT D - Consolidated Statement of Cash Flows, for the Year Ended December 31, 2022, with Summarized Financial Information for 2021	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9 - 21
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Consolidating Schedule of Financial Position, as of December 31, 2022	22
SCHEDULE 2 - Consolidating Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2022	23 - 24



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, 2022, 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, 2022, 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 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, 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 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 22 and the Consolidating Schedule of Activities and Change in Net Assets on pages 23 - 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 June 9, 2023, 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 cursive script that reads "Gelman Rosenberg & Freedman".

June 9, 2023

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 29,995,153	\$ 37,840,331
Investments	31,756,089	32,733,205
Grants receivable, net	56,146,746	37,379,427
Security deposits and other assets	1,287,836	631,075
Right-of-use assets	11,178,951	-
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$45,417,783	<u>2,258,555</u>	<u>3,893,629</u>
TOTAL ASSETS	<u>\$ 132,623,330</u>	<u>\$ 112,477,667</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 8,120,396	\$ 8,057,437
Awards and contracts payable	13,922,497	10,451,393
Refundable advances	27,472,390	32,715,982
Deferred grant revenue	490,000	2,800,000
Deferred rent	-	1,576,616
Deferred compensation payable	295,015	1,052,046
Operating lease liabilities, net	<u>12,776,438</u>	<u>-</u>
Total liabilities	<u>63,076,736</u>	<u>56,653,474</u>

NET ASSETS

Without donor restrictions:		
Designated	34,130,048	38,219,349
With donor restrictions	<u>35,416,546</u>	<u>17,604,844</u>
Total net assets	<u>69,546,594</u>	<u>55,824,193</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 132,623,330</u>	<u>\$ 112,477,667</u>

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 122,048,928	\$ 24,487,005	\$ 146,535,933	\$ 127,193,927
Interest and investment loss, net	(117,520)	-	(117,520)	(45,174)
Other income	403,875	-	403,875	3,632,251
Net assets released from donor restrictions	<u>5,740,024</u>	<u>(5,740,024)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>128,075,307</u>	<u>18,746,981</u>	<u>146,822,288</u>	<u>130,781,004</u>
EXPENSES				
Program Services:				
Research and Development	115,083,672	-	115,083,672	100,974,071
Vaccine Advocacy, Public Affairs and Policy	<u>1,899,585</u>	<u>-</u>	<u>1,899,585</u>	<u>1,764,879</u>
Total program services	<u>116,983,257</u>	<u>-</u>	<u>116,983,257</u>	<u>102,738,950</u>
Supporting Services:				
General and Administrative	14,083,807	-	14,083,807	11,369,930
Fundraising	<u>1,168,574</u>	<u>-</u>	<u>1,168,574</u>	<u>1,159,542</u>
Total supporting services	<u>15,252,381</u>	<u>-</u>	<u>15,252,381</u>	<u>12,529,472</u>
Total expenses	<u>132,235,638</u>	<u>-</u>	<u>132,235,638</u>	<u>115,268,422</u>
Change in net assets before other items	(4,160,331)	18,746,981	14,586,650	15,512,582
OTHER ITEMS - NON-OPERATING				
De-obligation of funds	-	(41,822)	(41,822)	(655,575)
Foreign exchange loss	<u>71,030</u>	<u>(893,457)</u>	<u>(822,427)</u>	<u>(1,227,212)</u>
Change in net assets	(4,089,301)	17,811,702	13,722,401	13,629,795
Net assets at beginning of year	<u>38,219,349</u>	<u>17,604,844</u>	<u>55,824,193</u>	<u>42,194,398</u>
NET ASSETS AT END OF YEAR	<u>\$ 34,130,048</u>	<u>\$ 35,416,546</u>	<u>\$ 69,546,594</u>	<u>\$ 55,824,193</u>

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022					2021		
	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	\$ 69,101,625	\$ 141,164	\$ 69,242,789	\$ -	\$ -	\$ -	\$ 69,242,789	\$ 61,494,683
Salaries, wages and benefits	35,499,719	1,449,636	36,949,355	10,248,536	616,135	10,864,671	47,814,026	42,778,909
Travel and workshops	1,625,970	143,103	1,769,073	216,942	12,538	229,480	1,998,553	477,033
Professional services	220,595	62,709	283,304	2,304,106	319,087	2,623,193	2,906,497	2,283,235
Infrastructure fixed operating expenses	5,152,341	39,777	5,192,118	350,967	84,965	435,932	5,628,050	3,486,381
Information technology	1,034,358	23,096	1,057,454	434,366	56,663	491,029	1,548,483	2,115,835
Consumable/variable operating expenses	449,629	21,581	471,210	301,681	25,195	326,876	798,086	669,384
Insurance	296,866	3,068	299,934	106,435	26,657	133,092	433,026	375,256
Finance charges	74,741	1,522	76,263	21,520	6,321	27,841	104,104	188,240
Other	5,125	6,472	11,597	34,274	593	34,867	46,464	-
Depreciation and amortization	1,622,703	7,457	1,630,160	64,980	20,420	85,400	1,715,560	1,399,466
TOTAL	\$ 115,083,672	\$ 1,899,585	\$ 116,983,257	\$ 14,083,807	\$ 1,168,574	\$ 15,252,381	\$ 132,235,638	\$ 115,268,422

See accompanying notes to consolidated financial statements.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,722,401	\$ 13,629,795
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	1,715,561	1,399,466
Net realized and unrealized loss	782,899	553,801
Change in discount on long-term receivables	2,030,400	-
PPP loan forgiveness	-	(3,429,355)
Gain on forgiveness of loan payable	-	(68,245)
Amortization of right-of-use asset	(2,801,791)	-
(Increase) decrease in:		
Grants receivable	(20,797,719)	(10,357,209)
Security deposits and other assets	(656,761)	9,859
Increase (decrease) in:		
Accounts payable and accrued liabilities	62,959	(3,140,100)
Awards and contracts payable	3,471,104	4,214,636
Refundable advances	(5,243,592)	13,928,033
Deferred grant revenue	(2,310,000)	1,200,000
Deferred rent	-	(337,270)
Deferred compensation payable	(757,031)	170,779
Operating lease liabilities, net	<u>2,822,662</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(7,958,908)</u>	<u>17,774,190</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(80,487)	(1,263,800)
Net sales (purchases) of investments	<u>194,217</u>	<u>(500,708)</u>
Net cash provided (used) by investing activities	<u>113,730</u>	<u>(1,764,508)</u>
Net (decrease) increase in cash and cash equivalents	(7,845,178)	16,009,682
Cash and cash equivalents at beginning of year	<u>37,840,331</u>	<u>21,830,649</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 29,995,153</u>	<u>\$ 37,840,331</u>
SCHEDULE OF NONCASH OPERATING TRANSACTIONS:		
Right-of-Use Asset	<u>\$ 13,980,742</u>	<u>\$ -</u>
Operating Lease Liability	<u>\$ 15,238,384</u>	<u>\$ -</u>

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 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 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. 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 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. 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 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 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, 2022

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 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, 2022 was \$34,130,048.
- **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, 2021, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2022, IAVI adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. IAVI applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 5 for further details.

During the year ended December 31, 2022, IAVI adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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 loss, 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 are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue with donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

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 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.

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

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Income taxes (continued) -

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. There was no activity in this entity during the year ended December 31, 2022.

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.

Uncertain tax positions -

For the year ended December 31, 2022, 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.

Revenue recognition for grants and contributions -

The majority of IAVI's activities are supported by grants and contributions 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. Grants and contributions 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.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Revenue recognition for grants and contributions (continued) -

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.

Funding from U.S. Government agencies and foreign government agencies accounted for a combined 81% of total grants and contributions revenue for 2022. For grants or contributions treated as contributions, IAVI had approximately \$20,655,000 in unrecognized conditional awards as of December 31, 2022.

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, 2022, excluding one grant from the Ministry of Foreign Affairs of the Netherlands, one grant from the Ministry of Foreign Affairs of Denmark, four grants from the European Commission, three grants from Wellcome Trust, 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, 2022, grants from U.S. Government agencies and foreign government agencies represented approximately 39% and 52% of grants receivable, respectively.

As of December 31, 2022, the following funds are included in grants receivable in the accompanying Consolidated Statement of Financial Position:

- \$20,332,499 (EUR 19,005,000) from the Ministry of Foreign Affairs of the Netherlands.
- \$2,876,740 (DKK 20,000,000) from the Ministry of Foreign Affairs of the Denmark.

For the year ended December 31, 2022, 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:

- \$2,134,351 (EUR 1,995,000) from the Ministry of Foreign Affairs of the Netherlands for the grant that started on December 1, 2022.
- \$155,240 (EUR 160,000) from the Ministry of Foreign Affairs of Netherlands as the remaining balance of the grant that ended in 2021.
- \$17,335,280 from the Coalition for Epidemic Preparedness Innovations (CEPI).

Unexpended funds from the Ministry of Foreign Affairs of the Netherlands totaled \$1,457,771 (68% of the EUR 1,995,000 received) as of December 31, 2022, and is included in net assets with donor restrictions in the accompanying Consolidated Statement of Financial Position.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Revenue recognition for grants and contributions (continued) -

Unexpended funds from the CEPI totaled \$3,096,421 as of December 31, 2022, and is included in refundable advances in the accompanying Consolidated Statement of Financial Position.

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. 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.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncement (not yet adopted) -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for IAVI for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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

2. INVESTMENTS

Investments consisted of the following at December 31, 2022:

	Fair Value
Investments:	
Fixed Income Securities/Bonds	\$ 31,461,074
Deferred Compensation Plan Investments:	
Mutual Funds	295,015
TOTAL INVESTMENTS	<u>\$ 31,756,089</u>

Included in interest and investment loss the following for the year ended December 31, 2022:

Interest and dividends	\$ 753,477
Net realized and unrealized loss	(782,899)
Investment fees and commissions	(88,098)
TOTAL INTEREST AND INVESTMENT LOSS, NET	<u>\$ (117,520)</u>

3. GRANTS RECEIVABLE

As of December 31, 2022, IAVI has written grant commitments from various donors, including the U.S. Government, foreign governments and private foundations, totaling \$58,177,146. 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%.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. GRANTS RECEIVABLE (Continued)

Following is a summary, by year, of the anticipated payments to be received against the grants receivable as of December 31, 2022:

Less than one year	\$ 34,161,223
One to five years	<u>24,015,923</u>
Total grants receivable	58,177,146
Less: Allowance to discount balance to present value	<u>(2,030,400)</u>
NET GRANTS RECEIVABLE	<u>\$ 56,146,746</u>

4. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consisted of the following at December 31, 2022:

Property and equipment	\$ 27,575,484
Leasehold improvements	<u>20,100,854</u>
Total property, equipment and leasehold improvements	47,676,338
Less: Accumulated depreciation and amortization	<u>(45,417,783)</u>
NET PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS	<u>\$ 2,258,555</u>

Depreciation and amortization expense for the year ended December 31, 2022 totaled \$1,715,561.

5. 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-leased approximately 35% of its office space in New York City. The agreement commenced in May 2019 and 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.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. LEASE COMMITMENTS (Continued)

IAVI elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. IAVI adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, on January 1, 2022, IAVI recorded a right-of-use asset in the amount of \$13,980,742 and an operating lease liability in the amount of \$15,238,384. The weighted average remaining lease term is 4 years and the weighted average discount rate is 1.453%.

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>
2023	\$ 3,855,076	\$ (228,060)	\$ 3,627,016
2024	3,558,613	-	3,558,613
2025	3,448,711	-	3,448,711
2026	2,973,617	-	2,973,617
Less: Imputed interest	<u>(1,059,579)</u>	<u>-</u>	<u>(1,059,579)</u>
LONG-TERM PORTION	<u>\$ 12,776,438</u>	<u>\$ (228,060)</u>	<u>\$ 12,548,378</u>

Lease expense, net of sublease income of \$747,014, was \$3,646,769 for the year ended December 31, 2022, and is included in Infrastructure fixed operating expenses in the Consolidated Statement of Functional Expenses.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2022:

Subject to Expenditure for Specified Purpose:	
Research and Development	<u>\$ 35,416,546</u>

During 2022, 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	<u>\$ 5,740,024</u>

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.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

7. 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, 2022 is as follows:

Cash and cash equivalents	\$ 29,995,153
Investments	31,756,089
Grants receivable	56,146,746
Accounts receivable	<u>420,089</u>
Total financial assets	118,318,077
Less: Board designated funds	(34,130,048)
Less: Funds subject to donor-imposed purpose restrictions	(35,416,546)
Less: Deferred compensation investments	<u>(295,015)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 48,476,468</u>
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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, 2022 to fund approximately nineteen months of supporting service expenses. IAVI estimates another \$37,000,000 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 2023.

In addition, IAVI has a line-of-credit agreement (as further discussed in Note 10) which allows for additional available borrowings up to \$25,000,000. Board designated funds of \$34,130,048 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.

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. IAVI's contributions to retirement plans were \$2,699,414 during the year ended December 31, 2022.

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, 2022. IAVI does not contribute to the Plan.

9. CONCENTRATION OF REVENUE

Approximately 50% (\$73,900,000) of IAVI's revenue for the year ended December 31, 2022 was derived from grants awarded by agencies of the U.S. Government. IAVI has no reason to believe that its relationships with these agencies will be discontinued in the foreseeable future.

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

9. CONCENTRATION OF REVENUE (Continued)

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, 2022, the total amount of unrecognized conditional promises to give derived from grants awarded by agencies of the U.S. Government amounted to \$20,655,873.

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, 2022, the total amount of conditional promises to give from this private foundation amounted to \$54,106,326. 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 2022 under awards from this private foundation totaled \$21,372,376.

10. CONTINGENCIES

U.S. Government Funding -

IAVI receives grants from various agencies of the U.S. Government. For the year ended December 31, 2022, 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 2022. 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, 2022, 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, 2022 amounted to \$94,325,289, which includes \$20,655,873 derived from grants awarded by agencies of the U.S. Government and \$54,106,326 from a private foundation (Note 9).

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

10. 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 amended on June 1, 2022, 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. There were no borrowings outstanding as of December 31, 2022.

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.

11. 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, 2022.

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

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

11. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, IAVI's investments as of December 31, 2022:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Fixed Income Securities/Bonds	\$ -	\$31,461,074	\$ -	\$31,461,074
Deferred Compensation Plan				
Investments - Mutual Funds	<u>295,015</u>	<u>-</u>	<u>-</u>	<u>295,015</u>
TOTAL	<u>\$ 295,015</u>	<u>\$31,461,074</u>	<u>\$ -</u>	<u>\$31,756,089</u>

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

12. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, IAVI has evaluated events and transactions for potential recognition or disclosure through June 9, 2023, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	IAVI*	The Stichting	IAVI India	IAVI-SA	Eliminations	Total
ASSETS						
Cash and cash equivalents	\$ 29,030,740	\$ 375,041	\$ 66,945	\$ 522,427	\$ -	\$ 29,995,153
Investments	31,756,089	-	-	-	-	31,756,089
Grants receivable, net	53,415,955	1,822,712	405,185	510,540	(7,646)	56,146,746
Security deposits and other assets	1,312,421	22,095	175,964	9,679	(232,323)	1,287,836
Right-of-use assets, net	11,178,951	-	-	-	-	11,178,951
Property, equipment and leasehold improvements net of accumulated depreciation and amortization of \$45,417,783	2,254,328	4,227	-	-	-	2,258,555
TOTAL ASSETS	\$ 128,948,484	\$ 2,224,075	\$ 648,094	\$ 1,042,646	\$ (239,969)	\$ 132,623,330
LIABILITIES						
Accounts payable and accrued liabilities	\$ 7,733,196	\$ 168,468	\$ 185,046	\$ 273,655	\$ (239,969)	\$ 8,120,396
Awards and contracts payable	13,914,391	8,106	-	-	-	13,922,497
Refundable advances	27,472,390	-	-	-	-	27,472,390
Deferred grant revenue	490,000	-	-	-	-	490,000
Deferred compensation payable	295,015	-	-	-	-	295,015
Operating lease liabilities	12,776,438	-	-	-	-	12,776,438
Total liabilities	62,681,430	176,574	185,046	273,655	(239,969)	63,076,736
NET ASSETS						
Without donor restrictions						
Designated	35,250,334	(1,145,344)	31,837	(6,779)	-	34,130,048
With donor restrictions	31,016,720	3,192,845	431,211	775,770	-	35,416,546
Total net assets	66,267,054	2,047,501	463,048	768,991	-	69,546,594
TOTAL LIABILITIES AND NET ASSETS	\$ 128,948,484	\$ 2,224,075	\$ 648,094	\$ 1,042,646	\$ (239,969)	\$ 132,623,330

*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, 2022**

	IAVI*			The Stichting		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 122,073,958	\$ 24,483,725	\$ 146,557,683	\$ 191	\$ -	\$ 191
Interest and investment (loss) income, net	(119,930)	-	(119,930)	139	-	139
Other income	403,874	-	403,874	-	-	-
Net assets released from donor restrictions	4,666,416	(4,666,416)	-	160,842	(160,842)	-
Total revenue and support	127,024,318	19,817,309	146,841,627	161,172	(160,842)	330
EXPENSES						
Program Services:						
Research and Development	111,635,212	-	111,635,212	629,629	-	629,629
Vaccine Advocacy, Public Affairs and Policy	1,578,721	-	1,578,721	320,864	-	320,864
Total program services	113,213,933	-	113,213,933	950,493	-	950,493
Supporting Services:						
General and Administration	14,026,154	-	14,026,154	7,058	-	7,058
Fundraising	437,368	-	437,368	731,206	-	731,206
Total supporting services	14,463,522	-	14,463,522	738,264	-	738,264
Total expenses	127,677,455	-	127,677,455	1,688,757	-	1,688,757
Change in net assets before other items	(653,137)	19,817,309	19,164,172	(1,527,585)	(160,842)	(1,688,427)
OTHER ITEMS						
De-obligation of funds	-	-	-	-	-	-
Foreign exchange (loss) gain	(135,949)	(308,255)	(444,204)	292,129	(420,600)	(128,471)
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	(3,423,209)	-	(3,423,209)	1,079,209	-	1,079,209
Change in net assets	(4,212,295)	19,509,054	15,296,759	(156,247)	(581,442)	(737,689)
Net assets at beginning of year	39,462,629	11,507,666	50,970,295	(989,097)	3,774,287	2,785,190
NET ASSETS AT END OF YEAR	\$ 35,250,334	\$ 31,016,720	\$ 66,267,054	\$ (1,145,344)	\$ 3,192,845	\$ 2,047,501

INTERNATIONAL AIDS VACCINE INITIATIVE, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	IAVI India			IAVI-SA			Eliminations	Total
	Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
REVENUE AND SUPPORT								
Grants and contributions	\$ 135,479	\$ 3,280	\$ 138,759	\$ 80,513	\$ -	\$ 80,513	\$ (241,213)	\$ 146,535,933
Interest and investment (loss) income, net	2,103	-	2,103	168	-	168	-	(117,520)
Other income	1	-	1	-	-	-	-	403,875
Net assets released from donor restrictions	197,838	(197,838)	-	714,928	(714,928)	-	-	-
Total revenue and support	335,421	(194,558)	140,863	795,609	(714,928)	80,681	(241,213)	146,822,288
EXPENSES								
Program Services:								
Research and Development	241,467	-	241,467	2,818,577	-	2,818,577	(241,213)	115,083,672
Vaccine Advocacy, Public Affairs and Policy	-	-	-	-	-	-	-	1,899,585
Total program services	241,467	-	241,467	2,818,577	-	2,818,577	(241,213)	116,983,257
Supporting Services:								
General and Administration	-	-	-	50,595	-	50,595	-	14,083,807
Fundraising	-	-	-	-	-	-	-	1,168,574
Total supporting services	-	-	-	50,595	-	50,595	-	15,252,381
Total expenses	241,467	-	241,467	2,869,172	-	2,869,172	(241,213)	132,235,638
Change in net assets before other items	93,954	(194,558)	(100,604)	(2,073,563)	(714,928)	(2,788,491)	-	14,586,650
OTHER ITEMS								
De-obligation of funds	-	(15,796)	(15,796)	-	(26,026)	(26,026)	-	(41,822)
Foreign exchange (loss) gain	13,474	(74,623)	(61,149)	(98,624)	(89,979)	(188,603)	-	(822,427)
Contributions from International AIDS Vaccine Initiative, Inc. to consolidated entities	-	-	-	2,344,000	-	2,344,000	-	-
Change in net assets	107,428	(284,977)	(177,549)	171,813	(830,933)	(659,120)	-	13,722,401
Net assets at beginning of year	(75,591)	716,188	640,597	(178,592)	1,606,703	1,428,111	-	55,824,193
NET ASSETS AT END OF YEAR	\$ 31,837	\$ 431,211	\$ 463,048	\$ (6,779)	\$ 775,770	\$ 768,991	\$ -	\$ 69,546,594