

# AIDS VACCINE ADVOCACY COALITION

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

# AIDS VACCINE ADVOCACY COALITION

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
AIDS Vaccine Advocacy Coalition

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of AIDS Vaccine Advocacy Coalition ("AVAC"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Vaccine Advocacy Coalition as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AVAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 AVAC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the AVAC'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.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
September 27, 2023



# AIDS VACCINE ADVOCACY COALITION

## Statements of Financial Position

	December 31,	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,926,674	\$ 5,081,526
Grants, contributions and other receivables	1,134,396	1,080,083
Prepaid expenses and other assets	125,984	23,422
	<u>\$ 7,187,054</u>	<u>\$ 6,185,031</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 599,177	\$ 474,016
Subgrants payable	200,939	586,469
	<u>800,116</u>	<u>1,060,485</u>
Commitment and contingency (Note I)		
Net Assets:		
Without donor restrictions	<u>-</u>	<u>(12,424)</u>
With donor restrictions:		
Purpose restrictions	4,114,494	4,320,496
Time-restricted for future periods	2,272,444	816,474
	<u>6,386,938</u>	<u>5,136,970</u>
	<u>6,386,938</u>	<u>5,124,546</u>
	<u>\$ 7,187,054</u>	<u>\$ 6,185,031</u>

## AIDS VACCINE ADVOCACY COALITION

### Statement of Activities

Year Ended December 31, 2022

(with summarized information for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>Public support and revenue:</b>				
Grants and contributions	\$ 47,625	\$ 14,728,492	\$ 14,776,117	\$ 10,786,718
Interest income	14,271	-	14,271	2,701
Other income	587	-	587	387
Total public support and revenue before net assets released from restrictions	62,483	14,728,492	14,790,975	10,789,806
Net assets released from restrictions	13,478,524	(13,478,524)	-	-
Total public support and revenue	13,541,007	1,249,968	14,790,975	10,789,806
<b>Expenses:</b>				
Program services:				
Research engagement	3,977,472	-	3,977,472	3,477,032
Policy advocacy	3,358,711	-	3,358,711	3,086,202
Product Introduction and access	1,948,262	-	1,948,262	3,135,591
Global movement	1,441,617	-	1,441,617	891,665
Program management and communications	1,078,594	-	1,078,594	1,445,385
Total program services	11,804,656	-	11,804,656	12,035,875
Supporting services:				
Finance and administration	1,670,366	-	1,670,366	1,705,746
Fundraising	53,561	-	53,561	15,892
Total support services	1,723,927	-	1,723,927	1,721,638
Total expenses	13,528,583	-	13,528,583	13,757,513
<b>Change in net assets</b>	12,424	1,249,968	1,262,392	(2,967,707)
Net (deficit) assets, beginning of year	(12,424)	5,136,970	5,124,546	8,092,253
<b>Net assets, end of year</b>	\$ -	\$ 6,386,938	\$ 6,386,938	\$ 5,124,546

See notes to financial statements.

# AIDS VACCINE ADVOCACY COALITION

## Statement of Activities Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue:</b>			
Grants and contributions	\$ 603,912	\$ 10,182,806	\$ 10,786,718
Interest income	2,701	-	2,701
Other income	387	-	387
	<u>607,000</u>	<u>10,182,806</u>	<u>10,789,806</u>
Total public support and revenue before net assets released from restrictions			
Net assets released from restrictions	13,748,927	(13,748,927)	-
	<u>14,355,927</u>	<u>(3,566,121)</u>	<u>10,789,806</u>
Total public support and revenue			
<b>Expenses:</b>			
Program services:			
Research engagement	3,477,032	-	3,477,032
Policy advocacy	3,086,202	-	3,086,202
Product Introduction and access	3,135,591	-	3,135,591
Global movement	891,665	-	891,665
Program management and communications	1,445,385	-	1,445,385
	<u>12,035,875</u>	<u>-</u>	<u>12,035,875</u>
Total program services			
Supporting services:			
Finance and administration	1,705,746	-	1,705,746
Fundraising	15,892	-	15,892
	<u>1,721,638</u>	<u>-</u>	<u>1,721,638</u>
Total support services			
Total expenses	<u>13,757,513</u>	<u>-</u>	<u>13,757,513</u>
<b>Change in net assets</b>	598,414	(3,566,121)	(2,967,707)
Net (deficit) assets, beginning of year	(610,838)	8,703,091	8,092,253
	<u>(12,424)</u>	<u>5,136,970</u>	<u>5,124,546</u>
<b>Net assets, end of year</b>	<u>\$ (12,424)</u>	<u>\$ 5,136,970</u>	<u>\$ 5,124,546</u>

See notes to financial statements.

## AIDS VACCINE ADVOCACY COALITION

### Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized information for the year ended December 31, 2021)

	Program Services					Supporting Services			Total		
	Research Engagement	Policy Advocacy	Product Introduction and Access	Global Movement	Program Management and Communications	Total Program Services	Finance and Administration	Fundraising	Total Supporting Services	2022	2021
Salaries	\$ 783,710	\$ 922,195	\$ 780,950	\$ 477,813	\$ 537,127	\$ 3,501,795	\$ 977,187	\$ 8,360	\$ 985,547	\$ 4,487,342	\$ 4,292,997
Benefits and Payroll Expenses	273,858	281,806	233,703	175,010	284,849	1,249,226	277,397	3,081	280,478	1,529,704	1,499,782
Professional Fees	404,592	154,912	123,075	91,294	173,169	947,042	187,192	39,850	227,042	1,174,084	1,950,058
Reports and Publications	28,112	24,244	18,285	37,043	12,847	120,531	14	-	14	120,545	122,346
Meetings and Travel	75,916	58,098	44,029	11,651	7,381	197,075	25,007	-	25,007	222,082	35,277
Conferences	116,660	46,611	36,614	54,399	20,615	274,899	9,759	-	9,759	284,658	11,640
AVAC Meetings	157,136	25,146	8,282	25,243	7,125	222,932	13,688	824	14,512	237,444	51,598
Subgrants and Fellowships	2,101,975	1,809,103	678,569	552,213	-	5,141,860	-	-	-	5,141,860	5,417,457
Insurance	-	-	-	-	-	-	23,617	-	23,617	23,617	24,090
Office Expenses	20,157	24,486	24,056	11,901	27,661	108,261	73,627	948	74,575	182,836	184,711
Telephone	-	263	30	1,200	-	1,493	14,256	-	14,256	15,749	23,848
Processing Fees	15,356	11,847	669	3,850	7,820	39,542	68,622	498	69,120	108,662	26,645
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	3,077
Occupancy	-	-	-	-	-	-	-	-	-	-	113,987
<b>Total Expenses</b>	<b>\$ 3,977,472</b>	<b>\$ 3,358,711</b>	<b>\$ 1,948,262</b>	<b>\$ 1,441,617</b>	<b>\$ 1,078,594</b>	<b>\$ 11,804,656</b>	<b>\$ 1,670,366</b>	<b>\$ 53,561</b>	<b>\$ 1,723,927</b>	<b>\$ 13,528,583</b>	<b>\$ 13,757,513</b>

See notes to financial statements.



**AIDS VACCINE ADVOCACY COALITION**

**Statement of Functional Expenses  
Year Ended December 31, 2021**

	Program Services					Supporting Services			Total	
	Research Engagement	Policy Advocacy	Product Introduction and Access	Global Movement	Program Management and Coordination	Total Program Services	Finance and Administration	Fundraising		Total Supporting Services
Salaries	\$ 801,431	\$ 887,464	\$ 716,166	\$ 423,770	\$ 667,318	\$ 3,496,149	\$ 796,345	\$ 503	\$ 796,848	\$ 4,292,997
Employee benefits and payroll taxes	238,245	306,524	244,990	160,256	252,024	1,202,039	297,553	190	297,743	1,499,782
Professional fees	268,601	289,810	575,935	28,042	446,862	1,609,250	328,695	12,113	340,808	1,950,058
Reports and publications	41,892	15,233	2,068	267	62,886	122,346	-	-	-	122,346
Meetings and travel	7,431	12,779	4,001	1,225	91	25,527	9,750	-	9,750	35,277
Conferences	4,465	1,508	3,824	1,843	-	11,640	-	-	-	11,640
AVAC meetings	3,238	26,030	17,653	4,677	-	51,598	-	-	-	51,598
Subgrants and fellowships	2,092,151	1,514,592	1,547,049	263,665	-	5,417,457	-	-	-	5,417,457
Insurance	-	-	-	-	-	-	24,090	-	24,090	24,090
Postage and delivery	5,640	125	39	200	-	6,004	2,220	-	2,220	8,224
Office expenses and supplies	13,128	30,926	23,299	5,516	15,725	88,594	86,945	948	87,893	176,487
Telephone	-	-	52	1,900	-	1,952	21,896	-	21,896	23,848
Occupancy	-	-	-	-	-	-	113,987	-	113,987	113,987
Processing fees	234	573	-	-	-	807	23,700	2,138	25,838	26,645
Depreciation and amortization	576	638	515	304	479	2,512	565	-	565	3,077
<b>Total Expenses</b>	<b>\$ 3,477,032</b>	<b>\$ 3,086,202</b>	<b>\$ 3,135,591</b>	<b>\$ 891,665</b>	<b>\$ 1,445,385</b>	<b>\$ 12,035,875</b>	<b>\$ 1,705,746</b>	<b>\$ 15,892</b>	<b>\$ 1,721,638</b>	<b>\$ 13,757,513</b>

See notes to financial statements.

# AIDS VACCINE ADVOCACY COALITION

## Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,262,392	\$ (2,967,707)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	3,077
Changes in:		
Grants, contributions, and other receivables, net	(54,313)	2,510,317
Prepaid expenses and other assets	(102,562)	83,888
Accounts payable and accrued expenses	125,161	(46,626)
Subgrants payable	(385,530)	(327,635)
Deferred rent liability	-	(2,500)
Net cash provided by (used in) operating activities	<u>845,148</u>	<u>(747,186)</u>
<b>Net change in cash and cash equivalents</b>	<b>845,148</b>	<b>(747,186)</b>
Cash and cash equivalents, beginning of year	<u>5,081,526</u>	<u>5,828,712</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 5,926,674</b></u>	<u><b>\$ 5,081,526</b></u>

# AIDS VACCINE ADVOCACY COALITION

## Notes to Financial Statements December 31, 2022 and 2021

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

AIDS Vaccine Advocacy Coalition ("AVAC") was founded by nine HIV activists and incorporated in 1995 in the State of California. AVAC is an international non-profit organization that works to accelerate the ethical development and global delivery of HIV prevention options as part of a comprehensive and integrated response to the epidemic. Through education, policy analysis, advocacy, communications, community mobilization and a network of global collaborations, AVAC mobilizes and supports efforts to:

- Deliver proven HIV prevention options for immediate impact.
- Demonstrate and roll out new HIV prevention options.
- Develop long-term solutions needed to end the epidemic.

AVAC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

Management continues to source contributions without donor restriction in order to fund the operations of AVAC in addition to working with current donors to release funding to support current operations on an as-needed basis. As of December 31, 2021, AVAC had an accumulated deficit in net assets without donor restrictions of \$12,424. There was no accumulated deficit in net assets without donor restrictions as of December 31, 2022.

#### [2] Basis of accounting:

The financial statements of AVAC have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

#### [3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### [4] Cash and cash equivalents:

For financial statement purposes, AVAC considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

#### [5] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation and amortization. AVAC capitalizes items of property and equipment that have a cost in excess of \$5,000, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of equipment, furniture and fixtures are provided using the straight-line method over the estimated useful lives of the assets, ranging from three to five years for computer equipment and furniture and fixtures, respectively. As of December 31, 2022 and 2021, property and equipment of \$479,637 were fully depreciated.

# AIDS VACCINE ADVOCACY COALITION

## Notes to Financial Statements December 31, 2022 and 2021

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [6] Website and software costs:

Website and software costs related to data consulting services, site configuration and infrastructure, conceptual designs and purchase of software upgrades that results in additional functionality are capitalized. Costs relating to operation and content are expensed as incurred. Capitalized costs are amortized over a three-year expected life using the straight-line method. At December 31, 2022 and 2021 capitalized website costs were fully amortized.

#### [7] Accrued vacation:

Accrued vacation represents AVAC's obligation for the cost of unused employee vacation time payable in the event that all employees left AVAC. At December 31, 2022 and 2021, the accrued vacation obligation was approximately \$246,000 and \$225,000, respectively, and was reported as part of accounts payable and accrued expenses in the statements of financial position.

#### [8] Subgrants payable:

Subgrants are recognized as a commitment to AVAC at the time they are approved. Subgrants are generally annual commitments paid within one year of approval. Recording of subgrant expenses is based on the subgrant contract which stipulates an initial up-front payment, with subsequent payments based on stipulated conditions being satisfied by the recipient. Subgrants committed, but unpaid, were approximately \$200,000 at December 31, 2022 and \$586,000 at December 31, 2021, and were reported as liabilities in the statements of financial position.

#### [9] Net assets:

##### (i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

##### (ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

## AIDS VACCINE ADVOCACY COALITION

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [10] Revenue recognition:

Contributions to AVAC are recognized as revenue upon the receipt of cash, other assets, or unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the donor's conditions have been met or necessary events take place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Revenue from cost-reimbursement government grants are recognized when reimbursable expenses are incurred under the terms of the grants, thereby satisfying the conditions stipulated in the grant agreements. Contracts and grants of this nature received in advance are considered refundable advances until the related expenses are incurred. Performance-based grants are recognized as milestones are achieved, in satisfaction of the stipulated conditions.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES" Act) provided an employee retention credit ("CARES Employee Retention credit"), which was a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee is \$10,000 of qualified wages per quarter through December 31, 2021. During the year ended December 31, 2021, AVAC recorded \$584,000 related to the CARES Employee Retention credit in grants and contributions in the statement of activities.

##### [11] Functional allocation of expenses:

The cost of providing AVAC's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been functionalized within program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of total direct costs, with the exception of depreciation and amortization, which were allocated on the basis of space usage in 2021.

##### [12] Income tax uncertainties:

AVAC is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of AVAC's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on AVAC's financial statements.

##### [13] Reclassifications:

Certain information in the prior year's financial statements has been reclassified to conform with current year's presentation.

##### [14] Subsequent events:

AVAC evaluated subsequent events through September 27, 2023, the date on which the financial statements were available to be issued.

## AIDS VACCINE ADVOCACY COALITION

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE B - RECEIVABLES

At each year-end, grants, contributions, and other receivables are estimated as follows:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Due in less than one year:		
United States Agency for International Development	\$ 303,220	\$ 221,692
IRS Employee Retention Credit	224,000	542,604
Magee Women's Research Institute	195,094	-
FHI 360	139,522	182,334
Beth Israel Deaconess Medical Center	76,092	-
Weill Cornell Medicine	71,115	-
John Hopkins University	63,909	-
CONRAD-EMVS	49,696	-
Other receivables	10,232	52,330
Other contributions	1,516	61,308
American International Health Alliance	-	19,815
	<b>\$ 1,134,396</b>	<b>\$ 1,080,083</b>

Based on its prior experience, management expects substantially all of the receivables to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

#### NOTE C - CONDITIONAL FUNDING

During 2016, AVAC received a commitment of funding (in the form of a Cooperative Agreement) of approximately \$20 million over five years from USAID for AVAC-led Coalition to Accelerate and Support Prevention Research ("CASPR"). USAID makes annual obligations under this Cooperative Agreement. The funding is conditional upon AVAC's submission and the USAID's approval of a project workplan and budget, as well as incurring certain expenses in compliance with the rules and regulations of the Office of Management and Budget ("OMB"). In 2019, AVAC was provided a five-year extension of the contract with an additional \$20 million in funding. As of December 31, 2022 and 2021, AVAC recognized approximately \$24.4 and \$19.5 million under this agreement, respectively. The balance of the funding will be recorded as revenue as AVAC meets the conditions of the Cooperative Agreement.

During 2020, AVAC received a commitment of funding for the COMPASS program for approximately \$5 million from the Bill and Melinda Gates Foundation (the "Gates Foundation") to be paid over a one-year period and in 2021, a second commitment of funding for approximately \$5 million to be paid over a two-year period. The grants are to support sustainable, Africa-focused, civil society coalitions that harness South-North solidarity to execute evidence-driven advocacy in Tanzania, Malawi, and Zimbabwe towards impactful HIV responses. The funding is conditional on AVAC meeting certain milestone provisions prior to receiving the next payment. As of December 31, 2022, and 2021, AVAC recognized approximately \$2 million and \$3 million, respectively. All the conditions were met in 2022 and the full funding was recorded as revenue during the year.

## **AIDS VACCINE ADVOCACY COALITION**

### **Notes to Financial Statements December 31, 2022 and 2021**

#### **NOTE C - CONDITIONAL FUNDING (CONTINUED)**

During 2021, AVAC received a commitment of funding of approximately \$1.5 million from the Gates Foundation to be paid over a three-year period. The grant is to create a product introduction forum for key decision-makers and funders that will provide transparency into ongoing work so that investments are complementary, additive and not redundant. The funding is conditional upon AVAC meeting certain milestone provisions prior to receiving the next payment. During 2022 and 2021, AVAC recognized approximately \$722,000 in each year. All the conditions were met in 2022 and the full funding was recorded as revenue during the year.

During 2021, AVAC received a commitment of funding of approximately \$1.5 million from the Rockefeller Foundation to be paid over a 27-month period. The grant is to support building capacity among journalists in Southern and Eastern Africa to ensure more accurate and evidence-based coverage about COVID-19 vaccines. The funding is conditional upon AVAC meeting certain milestone provisions prior to receiving the next payment. During 2022 and 2021, AVAC recognized \$ 500,000 in each year. The balance of the funding will be recorded as revenue as AVAC meets the conditions of the agreement.

During 2021, AVAC received a one-year commitment of funding of approximately \$1.1 million from Children's Investment Fund Foundation ("CIFF"). In 2022, AVAC was provided with an amended contract with an additional \$600,000 in funding. During 2022 and 2021, \$800,000 and \$700,000, respectively, of the grant has been recognized, respectively.

During 2021, AVAC received a commitment of funding of approximately \$3,278,000 to be paid over five years from FHI 360 funded by USAID for Maximizing Options to Advance Informed Choice for HIV Prevention (MOSAIC), which AVAC co-leads with FHI 360 and Wits RHI. The funding is conditional on AVAC's submission and FHI 360's and USAID's approvals of a workplan and budget. Entitlement to funds depends on incurring certain expenses in compliance with the rules and regulations of the OMB. During 2022 and 2021, AVAC recognized approximately \$750,000 and \$57,000 respectively, of the total committed funding. The balance of the funding will be recorded as revenue as AVAC meets the conditions of the agreement.

During 2021, AVAC received a commitment of funding of approximately \$190,000 to be paid over five years from Magee Women's Research Institute funded by USAID for Microbicide R&D to Advance HIV Prevention Technologies through Responsive Innovation and Excellence ("MATRIX"). The funding is conditional on AVAC's submission and Magee Women's Research Institute's and USAID's approvals of a workplan and budget. Entitlement to funds depends on incurring certain expenses in compliance with the rules and regulations of the OMB. In 2022, the contract was amended twice to provide an additional \$ 141,000 in funding. During 2022 and 2021, AVAC recognized approximately \$332,000 and \$5,000, respectively.

During 2021, AVAC was named as a subgrantee through an NIH five-year grant led by Beth Israel Deaconess Medical Center, Inc. AVAC is a named subgrantee of three of the organizations leading this work: Beth Israel Deaconess Medical Center, Johns Hopkins University, and Weill Cornell Medical Center. The total amount of the subgrants that AVAC expects to receive over 5 years is: \$439,000. The funding is conditional on AVAC's submission and approval by the three organizations through periodic technical reporting and invoicing. Entitlement to funds depends on incurring certain expenses in compliance with the rules and regulations of OMB. During 2022 and 2021, AVAC recognized approximately \$131,000 and \$8,000 respectively of the committed funding. The balance of funding will be recorded as revenue as AVAC meets the conditions of the agreement.

## AIDS VACCINE ADVOCACY COALITION

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Purpose restricted:		
COMPASS Africa	\$ 2,401,803	\$ 2,664,621
Biomedical Prevention Implementation Collaborative	774,784	596,125
Bill and Melinda Gates Foundation STI	377,086	-
Rockefeller Media Cafe	261,162	472,651
Children's Investment Fund Foundation	124,219	540,471
New Venture Fund COVID 19	105,383	-
SVI	46,375	-
New Venture Fund GAPP	23,013	15,649
Other programs	669	30,979
	<b>4,114,494</b>	4,320,496
Restricted for time:		
*Bill and Melinda Gates Foundation	2,272,444	816,474
	<b>\$ 6,386,938</b>	<b>\$ 5,136,970</b>

At each year-end, net assets released from restrictions consisted of the following:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
USAID -HVBP	\$ 4,902,189	\$ 4,664,876
COMPASS Africa 2.0	2,514,541	2,031,538
Bill and Melinda Gates Foundation*	1,844,030	2,483,526
Children's Investment Fund Foundation	1,129,352	1,004,350
USAID -MOSAIC	749,639	-
Rockefeller Media Cafe	711,489	-
Biomedical Prevention Implementation Collaborative	543,066	125,601
Other programs	509,819	419,928
USAID - MATRIX	331,763	-
New Venture Fund GAPP	242,636	234,351
Market Manager for HIV program	-	2,372,963
Family Health International	-	411,794
	<b>\$ 13,478,524</b>	<b>\$ 13,748,927</b>

\*Bill and Melinda Gates contributions are subject to the passage of time in relation to the Board approved 2022 through 2023 work-plans and budgets.



## **AIDS VACCINE ADVOCACY COALITION**

### **Notes to Financial Statements December 31, 2022 and 2021**

#### **NOTE E - PENSION PLAN**

AVAC maintains a defined-contribution plan, established under Section 401(k) of the Code, which covers all full-time employees. Participants can make elective contributions subject to certain limitations. AVAC matches 100% on the first 3% of an employee's elective deferred compensation plus a 50% match on the next 2% of compensation deferred. AVAC contributed approximately \$151,000 and \$150,000, to the plan at December 31, 2022 and 2021, respectively.

#### **NOTE F - BANK LINE OF CREDIT**

AVAC established a line of credit with a bank in the amount of \$600,000, which is collateralized by the general assets of AVAC, bearing interest not to exceed the rate of the greater of 4.5% or the Bank's base rate, plus 1.25% per annum. There were no draw downs on the line of credit during 2022 or 2021. The line of credit has been renewed through September 2023.

#### **NOTE G - CONCENTRATION OF REVENUE**

During 2022 and 2021, AVAC received grants and contributions from two unrelated parties that represented approximately 78% and 75%, respectively, of total support and revenues. These contributions are concentration of revenues to AVAC and AVAC's operation may be significantly affected should this level of funding cease.

#### **NOTE H - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject AVAC to concentrations of credit risk consist principally of cash and cash-equivalents deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that AVAC does not face a significant risk of loss on these accounts that might result from the failures of the financial institutions.

#### **NOTE I - COMMITMENTS AND CONTINGENCY**

##### **[1] Government funding:**

Government-funded activities are subject to audit by the applicable granting agencies. For the years ended December 31, 2022 and 2021, there were no material obligations outstanding as a result of such audits. Management believes that no material obligations will result from any future audits of such activities.

##### **[2] Other contracts:**

AVAC enters into various contracts for professional and other services in the normal course of its business, which are typically renewable on a year-to-year basis.

## AIDS VACCINE ADVOCACY COALITION

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects AVAC's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	<b>\$ 5,926,674</b>	\$ 5,081,526
Grants, contributions, and other receivables	<b>1,134,396</b>	1,080,083
	<b>7,061,070</b>	6,161,609
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors for purpose restrictions	<b>(4,114,494)</b>	(4,320,496)
Restrictions for the passage of time	<b>(2,272,444)</b>	(816,474)
	<b>(6,386,938)</b>	(5,136,970)
	<b>\$ 674,132</b>	\$ 1,024,639

#### Liquidity policy:

AVAC maintains a sufficient level of operating cash to be available for its general expenditures, liabilities and other obligations as they come due, as part of AVAC's liquidity management. AVAC also has a committed line of credit to help manage unanticipated liquidity needs, if needed.