

AIDS VACCINE ADVOCACY COALITION

FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

AIDS VACCINE ADVOCACY COALITION

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of financial position as of December 31, 2023 and 2022	3
Statement of activities for the year ended December 31, 2023 (with summarized information for the year ended December 31, 2022)	4
Statement of activities for the year ended December 31, 2022	5
Statement of functional expenses for the year ended December 31, 2023 (with summarized information for the year ended December 31, 2022)	6
Statement of functional expenses for the year ended December 31, 2022	7
Statements of cash flows for the years ended December 31, 2023 and 2022	8
Notes to financial statements	9 - 16
Supplementary Information	
Schedule of expenditures for the Aidsfonds Grant for the year ended December 31, 2023	17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
AIDS Vaccine Advocacy Coalition

Report on the Audit of 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, 2023 and 2022, 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 present fairly, in all material respects, the financial position of AIDS Vaccine Advocacy Coalition as of December 31, 2023 and 2022, 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.

Other Matters - Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures for the Aidsfonds Grant for the year ended December 31, 2023 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
July 15, 2024



AIDS VACCINE ADVOCACY COALITION

Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 5,617,055	\$ 5,926,674
Grants, contributions and other receivables	2,067,254	1,134,396
Prepaid expenses and other assets	<u>240,128</u>	<u>125,984</u>
	<u>\$ 7,924,437</u>	<u>\$ 7,187,054</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 829,054	\$ 599,177
Funds received in advance	196,705	-
Subgrants payable	<u>180,109</u>	<u>200,939</u>
Total liabilities	<u>1,205,868</u>	<u>800,116</u>
Commitment and contingency (Note J)		
Net assets:		
Without donor restrictions	<u>-</u>	<u>-</u>
With donor restrictions:		
Purpose restrictions	1,144,625	4,114,494
Time-restricted for future periods	<u>5,573,944</u>	<u>2,272,444</u>
Total net assets with donor restrictions	<u>6,718,569</u>	<u>6,386,938</u>
Total net assets	<u>6,718,569</u>	<u>6,386,938</u>
	<u>\$ 7,924,437</u>	<u>\$ 7,187,054</u>

AIDS VACCINE ADVOCACY COALITION

Statement of Activities

Year Ended December 31, 2023

(with summarized information for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Public support and revenue:				
Grants and contributions	\$ 20,750	\$ 14,715,539	\$ 14,736,289	\$ 14,776,117
Interest income	74,511	-	74,511	14,271
Donated goods and services	26,112	-	26,112	-
Other income	2,446	-	2,446	587
Total public support and revenue before net assets released from restrictions	123,819	14,715,539	14,839,358	14,790,975
Net assets released from restrictions	14,383,908	(14,383,908)	-	-
Total public support and revenue	14,507,727	331,631	14,839,358	14,790,975
Expenses:				
Program services:				
Research preparedness	4,270,402	-	4,270,402	3,977,472
Policy advocacy	3,278,560	-	3,278,560	3,358,711
Product Introduction and access	1,351,191	-	1,351,191	1,948,262
Global movement	1,604,969	-	1,604,969	1,441,617
Program management and communications	1,750,442	-	1,750,442	1,078,594
Total program services	12,255,564	-	12,255,564	11,804,656
Supporting services:				
Finance and administration	2,195,676	-	2,195,676	1,670,366
Fundraising	56,487	-	56,487	53,561
Total supporting services	2,252,163	-	2,252,163	1,723,927
Total expenses	14,507,727	-	14,507,727	13,528,583
Increase in net assets	-	331,631	331,631	1,262,392
Net assets, beginning of year	-	6,386,938	6,386,938	5,124,546
Net assets, end of year	\$ -	\$ 6,718,569	\$ 6,718,569	\$ 6,386,938

See notes to financial statements.

AIDS VACCINE ADVOCACY COALITION

Statement of Activities Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Grants and contributions	\$ 47,625	\$ 14,728,492	\$ 14,776,117
Interest income	14,271	-	14,271
Other income	587	-	587
	<u>62,483</u>	<u>14,728,492</u>	<u>14,790,975</u>
Total public support and revenue before net assets released from restrictions			
Net assets released from restrictions	13,478,524	(13,478,524)	-
	<u>13,541,007</u>	<u>1,249,968</u>	<u>14,790,975</u>
Total public support and revenue			
Expenses:			
Program services:			
Research preparedness	3,977,472	-	3,977,472
Policy advocacy	3,358,711	-	3,358,711
Product introduction and access	1,948,262	-	1,948,262
Global movement	1,441,617	-	1,441,617
Program management and communications	1,078,594	-	1,078,594
	<u>11,804,656</u>	<u>-</u>	<u>11,804,656</u>
Total program services			
Supporting services:			
Finance and administration	1,670,366	-	1,670,366
Fundraising	53,561	-	53,561
	<u>1,723,927</u>	<u>-</u>	<u>1,723,927</u>
Total supporting services			
Total expenses	<u>13,528,583</u>	<u>-</u>	<u>13,528,583</u>
Increase in net assets	12,424	1,249,968	1,262,392
Net (deficit) assets, beginning of year	(12,424)	5,136,970	5,124,546
	<u>\$ -</u>	<u>\$ 6,386,938</u>	<u>\$ 6,386,938</u>
Net assets, end of year			

See notes to financial statements.

AIDS VACCINE ADVOCACY COALITION

Statement of Functional Expenses

Year Ended December 31, 2023

(with summarized information for the year ended December 31, 2022)

	Program Services					Supporting Services			Total		
	Research Preparedness	Policy Advocacy	Product Introduction and Access	Global Movement	Program Management and Communications	Total Program Services	Finance and Administration	Fundraising	Total Supporting Services	2023	2022
Salaries	\$ 1,119,082	\$ 801,022	\$ 657,337	\$ 583,598	\$ 750,212	\$ 3,911,251	\$ 1,181,043	\$ 8,406	\$ 1,189,449	\$ 5,100,700	\$ 4,487,342
Benefits and payroll taxes	355,705	263,661	178,791	210,939	298,406	1,307,502	408,906	3,100	412,006	1,719,508	1,529,704
Professional fees	423,574	315,468	139,789	138,773	555,439	1,573,043	263,406	42,697	306,103	1,879,146	1,174,084
Reports and publications	42,130	6,466	24,211	10,237	8,759	91,803	-	950	950	92,753	120,545
Travel	126,057	138,321	70,494	46,420	22,540	403,832	15,203	-	15,203	419,035	222,082
AVAC meetings and conferences	192,966	29,301	38,871	105,282	69,570	435,990	79,100	302	79,402	515,392	522,102
Subgrants and fellowships	1,970,965	1,704,086	209,211	495,934	-	4,380,196	-	-	-	4,380,196	5,141,860
Office and administrative	39,362	20,235	32,487	12,636	45,403	150,123	207,799	869	208,668	358,791	222,202
Processing fees	561	-	-	1,150	113	1,824	40,219	163	40,382	42,206	108,662
Total Expenses	<u>\$ 4,270,402</u>	<u>\$ 3,278,560</u>	<u>\$ 1,351,191</u>	<u>\$ 1,604,969</u>	<u>\$ 1,750,442</u>	<u>\$ 12,255,564</u>	<u>\$ 2,195,676</u>	<u>\$ 56,487</u>	<u>\$ 2,252,163</u>	<u>\$ 14,507,727</u>	<u>\$ 13,528,583</u>

See notes to financial statements.

AIDS VACCINE ADVOCACY COALITION

Statement of Functional Expenses Year Ended December 31, 2022

	Program Services					Supporting Services			Total	
	Research Preparedness	Policy Advocacy	Product Introduction and Access	Global Movement	Program Management and Communications	Total Program Services	Finance and Administration	Fundraising		Total Supporting Services
Salaries	\$ 783,710	\$ 922,195	\$ 780,950	\$ 477,813	\$ 537,127	\$ 3,501,795	\$ 977,187	\$ 8,360	\$ 985,547	\$ 4,487,342
Benefits and payroll taxes	273,858	281,806	233,703	175,010	284,849	1,249,226	277,397	3,081	280,478	1,529,704
Professional fees	404,592	154,912	123,075	91,294	173,169	947,042	187,192	39,850	227,042	1,174,084
Reports and publications	28,112	24,244	18,285	37,043	12,847	120,531	14	-	14	120,545
Travel	75,916	58,098	44,029	11,651	7,381	197,075	25,007	-	25,007	222,082
AVAC meetings and conferences	273,796	71,757	44,896	79,642	27,740	497,831	23,447	824	24,271	522,102
Subgrants and fellowships	2,101,975	1,809,103	678,569	552,213	-	5,141,860	-	-	-	5,141,860
Office and administrative	20,157	24,749	24,086	13,101	27,661	109,754	111,500	948	112,448	222,202
Processing fees	15,356	11,847	669	3,850	7,820	39,542	68,622	498	69,120	108,662
Total Expenses	\$ 3,977,472	\$ 3,358,711	\$ 1,948,262	\$ 1,441,617	\$ 1,078,594	\$ 11,804,656	\$ 1,670,366	\$ 53,561	\$ 1,723,927	\$ 13,528,583

See notes to financial statements.

AIDS VACCINE ADVOCACY COALITION

Statements of Cash Flows

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase in net assets	\$ 331,631	\$ 1,262,392
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in:		
Grants, contributions, and other receivables, net	(932,858)	(54,313)
Prepaid expenses and other assets	(114,144)	(102,562)
Accounts payable and accrued expenses	229,877	125,161
Funds received in advance	196,705	-
Subgrants payable	(20,830)	(385,530)
	<u>(309,619)</u>	<u>845,148</u>
Net cash (used in) provided by operating activities		
	(309,619)	845,148
Net change in cash and cash equivalents	(309,619)	845,148
Cash and cash equivalents, beginning of year	<u>5,926,674</u>	<u>5,081,526</u>
Cash and cash equivalents, end of year	\$ 5,617,055	\$ 5,926,674
Supplemental disclosure of cash flows information:		
In-kind donated goods and services	<u>\$ 26,112</u>	<u>\$ -</u>

AIDS VACCINE ADVOCACY COALITION

Notes to Financial Statements December 31, 2023 and 2022

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.

AVAC continues to source both restricted and unrestricted donations and grants. Since 2018, AVAC has received generous funding from the Bill and Melinda Gates Foundation for the amount of \$3.3 million annually, currently committed through mid-2025. These time restricted funds are available for and used to support general operating costs.

[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, public 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, 2023 and 2022, property and equipment of \$479,637 was fully depreciated.

AIDS VACCINE ADVOCACY COALITION

Notes to Financial Statements December 31, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, the accrued vacation obligation was approximately \$320,000 and \$246,000, 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 \$180,000 and \$200,000 at December 31, 2023 and 2022, respectively, 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, 2023 and 2022

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

[10] Revenue recognition:

(i) *Contribution and grants:*

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. The amount was fully collected during 2023.

(ii) *Donated goods and services:*

AVAC, from time-to-time, receives various forms of gifts-in-kind, which are contributions of nonfinancial assets, including travel vouchers. These types of contributions are reported at their estimated fair value on the date of receipt and reported as expenses when utilized. Gift-in-kind are valued based upon estimates of fair value or wholesale values that would be received for selling the goods in their principal marketplace considering their condition and utility for use at the time the goods are contributed by the donor. For recognition of donated services in AVAC's financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require a specialized skill; and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded at their estimated fair values at the dates of donation and are reported without donor restriction as both contributions and offsetting expenses in the statements 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.

[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.

AIDS VACCINE ADVOCACY COALITION

Notes to Financial Statements December 31, 2023 and 2022

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

[13] Adoption of accounting principle:

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires the immediate recognition of estimated credit losses that are expected to occur over the life of many financial assets. The new model, referred to as the current expected credit losses ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes loans, held-to-maturity debt securities, loan commitments, financial guarantees, and net investments in leases, as well as trade receivables. The ASU will be effective for annual periods beginning after December 15, 2022; accordingly, AVAC adopted this ASU for the year ended December 31, 2023. Results for the year ended December 31, 2022 continue to be reported in accordance with previously applicable U.S. GAAP. The adoption and application of the standard had no material effect on these financial statements.

[14] Subsequent events:

AVAC evaluated subsequent events through July 15, 2024, the date on which the financial statements were available to be issued.

NOTE B - RECEIVABLES

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

	December 31,	
	2023	2022
Due in less than one year:		
Beth Israel Deaconess Medical Center	\$ 67,042	\$ 76,092
Bill and Melinda Gates Foundation	1,500,000	-
CONRAD-EMVS	14,675	49,696
FHI 360	171,736	139,522
IRS Employee Retention Credit	-	224,000
John Hopkins University	31,920	63,909
Magee Women's Research Institute	26,201	195,094
New Venture Fund	144,500	-
Other contributions	28,990	1,516
Other receivables	50,728	10,232
United States Agency for International Development	-	303,220
Weill Cornell Medicine	31,462	71,115
	<u>\$ 2,067,254</u>	<u>\$ 1,134,396</u>

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. At December 31, 2023, receivable from a donor totaled \$1,500,000 represented approximately 73% of the total receivable balance. At December 31, 2022, receivables from four donors totaled approximately \$1,400,000 represented approximately 76% of the total receivable balance.

AIDS VACCINE ADVOCACY COALITION

Notes to Financial Statements December 31, 2023 and 2022

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 the U.S. Agency for International Development ("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, 2023 and 2022, AVAC recognized approximately \$28.9 million and \$24.4 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 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 2023 and 2022, 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. All the conditions were met in 2023 and the full funding was recorded as revenue during the year.

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 2023 and 2022, AVAC recognized approximately \$784,000 and \$750,000 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 2023 and 2022, AVAC recognized approximately \$207,000 and \$332,000, respectively. All the conditions were met in 2023 and the full funding was recorded as revenue during the year.

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 2023 and 2022, AVAC recognized approximately \$67,000 and \$131,000, 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, 2023 and 2022

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Bill and Melinda Gates Foundation	\$ -	\$ 377,086
Biomedical Prevention Implementation Collaborative	754,672	774,784
Children's Investment Fund Foundation	-	124,219
COMPASS Africa 2.0	-	2,401,803
New Venture Fund COVID 19	-	105,383
New Venture Fund GAPP	65,102	23,013
New Venture Fund KP-TNC	182,896	-
OSF-PPR	99,602	-
Other programs	42,354	669
Rockefeller Media Cafe	-	261,162
SVI	-	46,375
	<u>1,144,626</u>	<u>4,114,494</u>
Restricted for time:		
*Bill and Melinda Gates Foundation General Operations	<u>5,573,943</u>	<u>2,272,444</u>
	<u>\$ 6,718,569</u>	<u>\$ 6,386,938</u>

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Bill and Melinda Gates Foundation General Operations*	\$ 3,298,500	\$ 1,844,030
Biomedical Prevention Implementation Collaborative	662,916	543,066
Children's Investment Fund Foundation	508,754	1,129,352
COMPASS Africa 2.0	2,404,982	2,514,541
New Venture Fund GAPP	246,910	242,636
New Venture Fund KP-TNC	11,082	-
OSF-PPR	25,397	-
Other programs	804,423	509,819
Rockefeller Media Cafe	761,162	711,489
SVI	97,103	-
USAID - MATRIX	207,204	331,763
USAID - HVBP	4,571,436	4,902,189
USAID - MOSAIC	784,039	749,639
	<u>\$ 14,383,908</u>	<u>\$ 13,478,524</u>

*Bill and Melinda Gates contributions are subject to the passage of time in relation to the Board approved 2023 through 2024 work-plans and budgets.

AIDS VACCINE ADVOCACY COALITION

**Notes to Financial Statements
December 31, 2023 and 2022**

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 \$167,000 and \$151,000 to the plan at December 31, 2023 and 2022, 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 of 9.75% per annum. There were no draw downs on the line of credit during 2023 or 2022. The line of credit has been renewed through September 2024.

NOTE G - CONCENTRATION OF REVENUE

During 2023 and 2022, AVAC received grants and contributions from two unrelated parties that represented approximately 80% and 78%, respectively, of total support and revenues. These contributions are concentration of revenues to AVAC and AVAC's operations 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 - DONATED GOODS AND SERVICES

During 2023, donated goods and services consisted of the following:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Travel vouchers	\$ 26,112	Utilized for Conference Meetings	N/A	Reflected at market prices in the various principal markets where they were consumed

AIDS VACCINE ADVOCACY COALITION

Notes to Financial Statements December 31, 2023 and 2022

NOTE J - COMMITMENTS AND CONTINGENCY

[1] Government funding:

Government-funded activities are subject to audit by the applicable granting agencies. For the years ended December 31, 2023 and 2022, 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.

NOTE K - 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,617,055	\$ 5,926,674
Grants, contributions, and other receivables	2,067,254	1,134,396
	7,684,309	7,061,070
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors for purpose restrictions	(1,144,625)	(4,114,494)
Restrictions for the passage of time	(5,573,944)	(2,272,444)
	(6,718,569)	(6,386,938)
	\$ 965,740	\$ 674,132

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.

SUPPLEMENTARY INFORMATION

AIDS VACCINE ADVOCACY COALITION

**Schedule of Expenditures for the Aidsfonds Grant
Year Ended December 31, 2023**

Year Ended December 31, 2023				
<u>Agreement Number</u>	<u>Award Amount</u>	<u>Award Expenditures</u>	<u>Remaining Budget</u>	<u>Contract Dates</u>
Aidsfonds 2022 v.2.5	\$ 111,637	\$ 95,092	\$ 16,545	June 1, 2023 to May 31, 2024