

FINANCIAL REPORTS



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REPORT OF THE AUDITOR TO THE GOVERNING COUNCIL

20TH INTERNATIONAL AIDS CONFERENCE, MELBOURNE, 20 - 25 JULY 2014

As auditor, we have been engaged to audit the accompanying statement of income and expenditures of the 20th International AIDS Conference held in Melbourne on 20 July - 25 July 2014, which comprise of the income statement and the explanatory notes.

Governing Council's Responsibility

The Governing Council is responsible for the preparation of the statement of income and expenditures in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of statement of income and expenditures that are free from material misstatement, whether due to fraud or error. The Governing Council is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on this statement of income and expenditures based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of income and expenditures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of income and expenditures, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the statement of income and expenditures 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 the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the statement of income and expenditures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of income and expenditures in relation with the 20th International AIDS Conference held in Melbourne on 20 July -25 July 2014, complies with Swiss law, the association's bylaws and is in accordance with the accounting policies described in note 2 to the financial statements of the International AIDS Society for the year ended 31 December 2014.

KPMG SA

Pierre Henri Pingeon

Licensed Audit Expert
Auditor in Charge
Geneva, 8 June 2015

Filippa Groenvall

Enclosure:

Statement of income and expenditures (income statement and explanatory notes)

20TH INTERNATIONAL AIDS CONFERENCE, MELBOURNE, 20 - 25 JULY 2014

Final Statement of Income & Expenditures (Figures are stated in US\$)

NOTES		APPROVED BUDGET	ACTUALS
	INCOME		
2	Sponsors and Donors	5'970'000	5'997'797
	Victorian State Government	1'800'000	1'532'000
	Commercial Sponsorship	3'644'000	3'514'133
3	Registration Fees	4'570'000	5'235'855
4	Other Revenues	1'288'000	1'031'248
	TOTAL INCOME	17'272'000	17'311'033
	EXPENDITURES		
5	Logistics	3'777'000	3'066'576
	Exhibition & Satellites Costs	422'000	308'766
6	Scholarships	1'518'000	1'346'950
	Local Secretariat	713'000	618'103
	Programme	1'865'000	1'546'406
	Programme Activities	705'000	632'374
7	IAS Conference Secretariat	3'254'000	3'343'833
	IT	933'000	893'754
	Communications	855'000	987'242
	Evaluation + Quality Assessment	50'000	27'203
	Resource Development	657'000	606'165
8	Revolving Fund	0	1'000'000
9	Governance	476'000	474'119
	Audit / Finance	501'000	553'226
10	Various Financial Costs	947'000	949'474
11	Start-up Costs	201'000	200'966
	Audio Visual	852'000	653'113
	TOTAL EXPENDITURES	17'726'000	17'208'270
	TOTAL SURPLUS/(DEFICIT)	(454'000)	102'763

20TH INTERNATIONAL AIDS CONFERENCE, MELBOURNE, 20 - 25 JULY 2014

Explanatory Notes to the Final Statement of Income and Expenditures

1. Basis of preparation

The statement of income and expenditure was prepared in accordance with the accounting policies specified in the notes of the International AIDS Society in Geneva. The statement of income is based on the actual information available as of 31 March, 2015. The “approved budget” figures in the left column reflects the last budget accepted by the IAS Governing Council on July 21, 2014.

2. Sponsorship

Sponsorship includes all sponsors and donors. Major sponsors for AIDS 2014 included:

Donors

ANRS, the French National Agency for Research on AIDS and Viral Hepatitis

BHP Billiton Sustainable Communities

Canada - Department of Foreign Affairs, Trade and Development (DFATD)

City of Melbourne

Commonwealth of Australia - Department of Foreign Affairs and Trade (DFAT)

Commonwealth of Australia - Department of Health (DoH)

Ford Foundation

MAC AIDS Fund

Melbourne Convention Bureau

Netherlands - Ministry of Foreign Affairs

Norway - Ministry of Foreign Affairs

OFID - OPEC Fund for International Development

Public Health Agency of Canada (PHAC)

Swedish International Development Cooperation Agency (SIDA)

The Bill & Melinda Gates Foundation

U.S. National Institutes of Health - National Institute of Allergy and Infectious Diseases (NIAID)

UNAIDS, the Joint United Nations Programme on HIV/AIDS

Victorian State Government

ViiV Healthcare Positive Action

World Health Organization (WHO)

Major Industry Sponsors

AbbVie

Gilead Sciences

Merck Sharp & Dohme Corp.

ViiV Healthcare

Corporate Sponsors

Abt Associates

Chevron USA, Inc.

Mylan Inc.

Oil Search

A full list can be obtained from the conference secretariat.

3. Registration fees

The income from registration fees is based on the total number of paid registrations of 7,140 (Washington: 15,416) less the voluntary delegate contributions mentioned hereunder

Paid Registration:	AIDS2014		AIDS2012	
Fully paying registrations:				
- OECD country delegates	3'419		8'169	
- Non-OECD country delegates	2'610	6'029	4'488	12'657
Students		732		1'944
Exhibitors		74	139	
Accompanying Persons and Children		305		676
Total fully paying registrations:		<u>7'140</u>		<u>15'416</u>
Non-paid registrations:				
Media		640		1'942
Free Registrations (including scholarship recipients, volunteers and staff)		4'267		7'178
Voluntary delegate contributions to:				
		- Memberships "IAS"		358'425
		- Coorganizers		16'275
		- Scholarships		123'825

4. Other revenues

Other sources of revenue include hotel commission

5. Logistics

The main expenditures incurred for the Logistics are as follows:	\$3'066'576
Facilities (rent, signage, security and set up of venue)	2'067'089
On Site and Logistic Personnel (staff, hostesses and volunteers)	581'570
Fees to PCO (KIT, CH) for:	
project management, registration and exhibition handling	280'775
Printed material (Invitation, Final Prog., Abstract Book, etc)	40'138
Bags and Badges	32'003
Travel, logistic staff	34'610
Refreshment, technical, postage, etc	30'391

6. Scholarships **\$1'346'950**

These figures include scholarships recipients and speakers as per the main details bringing 460 delegates and 118 speakers to conference mainly from developing countries:

Travel	731'304
Accommodation & per diem	248'819
Registration fees	261'023
Handling	105'804

7. IAS Conference Secretariat (Geneva) **\$3'343'833**

Staff	1'887'746
Office costs	987'897
Travel	437'965
Legal services	20'839
Consulting fees	9'386

8. Revolving Fund **\$1'000'000**

In accordance with the distribution policy regarding surplus/deficit at the IAS Conference, the IAS Governing Council has decided to set aside funds for future costs in the event of a cancelled or postponed conference or one with a reduced number of paid registrations.

9. Governance

This cost includes committee meetings and travel expenses for the elected committee members.

10. Various Financial Costs **\$949'474**

Foreign exchange (Gain) / Loss	243'412
Bank & credit cards fees	142'769
Service importation tax	64'438
Insurances	127'620
Outreach / Partners	363'950
Carbon emission offset	7'285

11. Start-up Costs

These costs include all expenses associated with initial negotiations and pre-planning meetings with the local host and co-organizers, initial promotion and marketing expenses, and all travel and other expenses incurred until the official conference organizing committee meeting, where the first budget was accepted.



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REPORT OF THE AUDITOR TO THE GOVERNING COUNCIL ON THE FINANCIAL STATEMENTS OF THE INTERNATIONAL AIDS SOCIETY, GENEVA

As auditor, we have been engaged to audit the accompanying financial statements of International AIDS Society, which comprise the balance sheet, income statement and notes for the year ended 31 December 2014.

Governing Council's Responsibility

The Governing Council is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Governing Council is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law, the association's bylaws and are in accordance with the accounting policies described in note 2 of these financial statements.

KPMG SA

Pierre Henri Pingeon
Licensed Audit Expert
Auditor in Charge
Geneva, 8 June 2015

Filippa Groenvall

Enclosure:

Financial statements (balance sheet, summarized income statement and notes)
The complete audited financial statements can be obtained from the Secretariat

INTERNATIONAL AIDS SOCIETY FINANCIAL REPORT 2014

Balance Sheet as of December 31 (Figures are stated in US\$)

	Notes	2014	2013
CURRENT ASSETS			
Cash & Cash Equivalents	3	8'110'138	8'677'020
Cash - Leadership		54'135	54'135
Accounts Receivable	4	1'506'294	753'445
Prepaid Expenses	5	693	9'953
		9'671'260	9'494'553
NON-CURRENT ASSETS			
Equipment		7'207	50'035
TOTAL ASSETS		9'678'467	9'544'588
CURRENT LIABILITIES			
Accounts Payable	6	570'975	467'939
Fund ANRS		17'736	17'736
Accrued Expenses	7	682'119	899'103
Deferred Income	8	586'454	1'345'072
NON-CURRENT LIABILITIES			
Provision	9	25'250	28'000
Total Liabilities		1'882'534	2'757'849
FUNDS & RESERVES			
Restricted Funds	10		
Leadership Fund		54'135	54'135
Scholarship Reserve		610'861	487'037
AIDS 2014		-	-1'865'632
IAS 2015		-77'728	-138'630
AIDS 2016 / IAS 2017 / AIDS 2018		-286'203	-29'465
ILF		-	300'340
JIAS		135'533	72'873
CNIHR		46'298	33'099
NIDA		-	75'000
CIPHER		646'767	1'322'117
HIV CURE		169'639	-
IAC Revolving Fund	11	3'393'536	2'471'000
IAS Conference Institutional Memory & Admin RF	12	1'844'395	1'949'076
		6'537'233	4'730'950
Unrestricted & IAS Designated Funds			
IAS Conference Revolving Fund	13	701'086	728'303
General IAS Reserve for Future Conference	14	-	1'000'000
AIDS 2014 Conference Surplus	15	102'763	-
AIDS 2012 Conference Surplus	15	-	146'489
General IAS Reserve	16	454'851	180'999
		1'258'700	2'055'790
Total Funds & Reserves		7'795'933	6'786'740
TOTAL LIABILITIES, FUNDS & RESERVES			
		9'678'467	9'544'588

INTERNATIONAL AIDS SOCIETY FINANCIAL REPORT 2014

Income and Expenditure Account for the year ended December 31 (Figures are stated in US\$)

	Notes	Unrestricted		Restricted		Total	
		2014	2013	2014	2013	2014	2013
FUND BALANCE AT JANUARY 1		2'055'790	4'257'784	4'730'950	6'026'608	6'786'740	10'284'392
Revenues							
Conferences Income		4'900	28'411	7'182'010	2'875'549	7'186'910	2'903'960
Membership dues	8	379'643	496'136	-	-	379'643	496'136
Sponsors		-	-	2'152'825	1'905'925	2'152'825	1'905'925
Donors		-	-	7'395'379	4'997'995	7'395'379	4'997'995
Project management fees		-	-	-	-	-	-
Others		123'056	544'617	621'013	178'499	744'069	723'116
TOTAL REVENUES		507'599	1'069'164	17'351'227	9'957'968	17'858'826	11'027'132

Expenses							
IAS Staff Salaries & Benefits		261'527	948'683	5'678'847	5'882'964	5'940'374	6'831'647
Legal fees		17'196	13'102	29'832	40'965	47'028	54'067
Consulting & Audit fees		362'856	328'982	2'299'583	1'501'178	2'662'439	1'830'160
Office Expenses		15'259	67'296	796'233	767'933	811'492	835'229
Travel Expenses		44'312	226'662	2'534'579	1'799'956	2'578'891	2'026'618
Governance Retreat, Strategic		104'915	182'962	101'005	61'156	205'920	244'118
Direct Expenses	18	2'695	-	2'913'918	1'238'181	2'916'613	1'238'181
Other Expenses		14'270	25'208	203'578	111'357	217'848	136'565
Subgrant		-	3'000	1'275'553	1'198'095	1'275'553	1'201'095
Amortization of Capital Exp.		1'712	6'056	41'116	54'513	42'828	60'569
Exchange Loss / -Gain		-10'619	-16'476	161'268	83'012	150'649	66'536
TOTAL EXPENSES		814'123	1'785'475	16'035'512	12'739'310	16'849'635	14'524'785

GROSS SURPLUS (-DEFICIT)		-306'524	-716'311	1'315'715	-2'781'342	1'009'191	-3'497'653
Transfer to Unrestricted & Designated Funds		224'524	-443'987	-224'524	443'987	-	-
- Revolving Fund		-	-311'697	-	311'697	-	-
- AIDS 2014 Reserve		-1'000'000	-	1'000'000	-	-	-
- Conference Surplus		102'763	-	-102'763	-	-	-
- Funds Transfer		182'145	-600'000	-182'145	600'000	-	-
RESULT AFTER TRANSFERS		-797'092	-2'201'995	1'806'283	-1'295'658	1'009'191	-3'497'653

FUND BALANCE AT DECEMBER 31		1'258'699	2'055'790	6'537'233	4'730'950	7'795'932	6'786'739
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INTERNATIONAL AIDS SOCIETY - GENEVA

Notes to the Financial Statements for the year ended 31 December 2014

1. Organisation

International AIDS Society (the Society) was founded in 1988 and transferred from Stockholm, Sweden to Geneva, Switzerland in June 2004.

With its headquarters in Geneva, and forty two staff members (2013: fifty), the Society is recognized under Swiss law as an international, non-governmental, non-profit organization. The Society is exempt from Swiss corporate taxation.

2. Accounting Policies

The significant accounting policies are set out below:

a) Basis of Preparation and Statement of Compliance

The financial statements of the Society have been prepared on a basis consistent with its statutes and that complies with Swiss law and the accounting regulations of the Society. The Society's accounting policies and the format used for the presentation of its financial statements are designed to present accurately the conferences, programmes, and other activities of the Society.

The financial statements are presented in US Dollars (rounded to the nearest dollar), as the majority of the Society's activities are conducted in this currency.

b) Recognition of Income

Conference income, project management fees, sponsors and other restricted income are recognized when paid.

Unrestricted revenue from donors is recognized over the contract period.

Membership income is recognized in the period to which it relates. Membership income for future periods, which is received in advance, is deferred in the balance sheet.

c) Recognition of Expenditure

Payments to third parties are recognized when the commitment to pay has been made before the end of the year and the payment relates to the current year, and when there is either a legal or a constructive obligation to pay.

d) Foreign Currency

Transactions in currencies other than US Dollars are converted into US Dollars at rates that approximate the actual rates at the transaction date. Realized and unrealized exchange differences are reported in the income and expenditure account.

e) Equipment

Purchases of equipment are capitalized and then depreciated on a straight-line basis over 3 years.

		2014	2013
3. Cash and Cash equivalents	US\$	8'110'138	8'677'020
Petty Cash	US\$	8'254	10'867
Bank accounts - current accounts	US\$	3'994'998	3'562'976
deposits	US\$	4'106'886	5'103'178
4. Accounts Receivable	US\$	1'506'294	753'445
Conference: Various Sponsors & Donors	US\$	1'373'931	306'702
Programmes: Various Sponsors & Donors	US\$	105'224	351'072
Swiss VAT	US\$	18'790	34'643
Withholding tax	US\$	4'530	1'985
Other	US\$	3'819	59'042
5. Prepaid Expenses	US\$	693	9'953
Other Prepaid	US\$	693	9'953
6. Accounts Payable	US\$	570'975	467'939
Payable - Melbourne	US\$	139'862	-
Payable - KL	US\$	5'000	46'322
Payable - DC	US\$	-	6'425
Payable - Rome	US\$	3'083	5'364
Other various payable	US\$	423'030	409'829
7. Accrued Expenses	US\$	682'119	899'103
CH VAT	US\$	48'467	73'587
AU VAT	US\$	121'212	121'314
US VAT	US\$	-	23'022
Social Expenses	US\$	306'568	482'242
Accrued Conferences expenses	US\$	181'526	166'957
Other accrued expenses	US\$	24'346	31'980
8. Deferred Income	US\$	586'454	1'345'072
Current Deferred Income includes membership income US\$ 532,587 (2013: 485,777), the Open Society Institute (US\$ 49,987) and Registration fees for the HIV Cure Symposium 2015 (US\$ 3,880) received for the next years			
Deferred income beginning period	US\$	1'345'072	777'706
Income received during the year	US\$	436'025	1'063'502
Income deferred to future periods	US\$	(586'454)	(1'345'072)
Membership dues recognized as revenue during the year	US\$	379'643	496'136
Donation recognized as revenue during the year	US\$	815'000	-
9. Provision	US\$	25'250	28'000
Provision for office restoration at end of lease term			

10. Restricted Funds

All figures are in relation to funds received and reserved for specific programmes or projects. Concerning future Conferences, the negative amounts of US\$ 77,728 (IAS2015) and US\$ 286,203 (Conferences 2016-2018) reflects expenditures that have yet to be covered by the income from the future conferences. The IAS2015 budget currently shows a balanced budget (approved by the GC in December 2014). Note that the budget is excluding the allocation to the revolving fund of USD 500,000.

2014**2013****11. IAC Revolving Fund****US\$****3'393'536****2'471'000**

In accordance with the distribution policy regarding surplus/deficit at the IAS Conference, the IAS Governing Council has decided to set aside funds for future costs in the event of a cancelled or postponed conference or one with a reduced number of paid registrations. AIDS2014 result could afford an allocation of US\$ 1M to the Revolving Fund.

AIDS 2014 allocation to the Revolving Fund	1'000'000	-
Reorganizational plan 2014	(77'464)	-
Release 2013	-	108'000
Transfer to IAS Conference Institut'I Memory Revolving Fund	-	(1'400'000)

12. IAS Conference Institut'I Memory and Administration Revolving Fund**US\$****1'844'395****1'949'076**

In June 2013, the IAS Governing Council has decided to create a third fund to support the Secretariat that will jointly serve the two conferences in the event of a cancelled or postponed conference or one with a reduced number of paid registrations.

Reorganizational plan 2014	(104'681)	-
Transfer from IAC Revolving Fund	-	1'400'000
Transfer from IAS Conference Revolving Fund	-	600'000
IAS2013 Conference Deficit	-	(50'924)

13. IAS Conference Revolving Fund**US\$****701'086****728'303**

In accordance with the distribution policy regarding surplus/deficit at the IAS Conference, the IAS Governing Council has decided to set aside funds for future costs in the event of a cancelled or postponed conference or one with a reduced number of paid registrations.

Reorganizational plan 2014	(27'217)	-
Release 2013	-	53'000
Transfer to IAS Conference Institut'I Memory Revolving Fund	-	(600'000)
IAS2013 Conference Deficit	-	(203'697)

14. General IAS Reserve for future Conferences**& AIDS2012 Follow up****US\$****-****1'000'000**

As approved by the EC in March 2013, the surplus generated by the AIDS2012 conference was allocated as follows

AIDS2014 Support to Global Village, International Scholarship Fund	(200'000)	200'000
AIDS2014 Support to maintain lower fee level for I&mi countries	(300'000)	300'000
AIDS2014 Revolving Fund	(500'000)	500'000

15. Conferences Surplus**US\$****102'763****146'489**

The AIDS2014 Conference Surplus supports the

Core expenses over the next 2 years	102'763	-
Second half of the AIDS2012 Surplus supported the Core expenses in 2014	(146'489)	-
Half of AIDS2012 Surplus supported the Core expenses in 2013	-	146'489

		2014	2013
16. General Reserve	US\$	454'851	180'999
IAS Core activities Surplus / (Deficit)	US\$	(28'206)	(1'042'381)
ILF Reserve transfer	US\$	302'058	-
VAT release	US\$	-	68'000
AIDS Pioneers Project Balance	US\$	-	73'150
17. Other unrestricted revenues	US\$	123'056	544'617
Interest on deposits and current banks accounts	US\$	12'471	10'122
Other	US\$	110'585	534'495
18. Direct expenses	US\$	2'916'613	1'238'181
Logistics & Exhibition (rental of venues, signage, build up...)	US\$	1'185'786	690'009
Scholarships (registrations, per diem...)	US\$	257'310	51'990
Local office expenses (Melbourne staff, office costs...)	US\$	465'950	69'612
Programme & Programme activities (meeting costs)	US\$	120'516	62'941
Conference secretariat	US\$	20'933	30'447
I/T operations	US\$	32'078	1'077
Communications (Media Center, printing...)	US\$	998	36'269
Audio Visual	US\$	590'526	151'912
Various financial costs	US\$	108'096	62'021
Start up & Other costs	US\$	134'420	81'902
19. CIPHER	US\$	815'000	769'971
2014 Donation from Charities AID Foundation / ViiV Healthcare		815'000	-
2013 Donation from Charities AID Foundation / ViiV Healthcare*		-	769'971

*The 2013 contribution from Charities AID Foundation / ViiV Healthcare was reclassified from Sponsors to Donors

20. Credit Agreement	US\$	355'316	400'108
EUR 200,000 is under the guarantee of UBS AG and represents the sum of VAT claimed to our fiscal representative in Italy by the Italian VAT authorities. This guarantee is valid until 30 November 2015			
CHF 111,125 is under the guarantee of UBS AG represents a deposit surety for the office rental blocked for the Fondation Des Immeubles pour les Organisations Internationales (FIPOI)			



International AIDS Society

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