



International AIDS Society, Geneva

Report of the Statutory Auditor
on the Consolidated Financial Statements
to the Governing Council

Consolidated Financial Statements 2019



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Report of the Statutory Auditor to the Governing Council of
International AIDS Society, Geneva

As auditor, we have been engaged to audit the accompanying consolidated financial statements of International AIDS Society, which comprise the consolidated statement of financial activities, consolidated statement of financial position, cash flow statement, statement of changes in capital and funds and notes for the year ended 31 December 2019.

Management's Responsibility

The Management is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP RPC. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Management 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*International AIDS Society, Geneva
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Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER.

KPMG SA

Pierre-Henri Pingeon
*Licensed Audit Expert
Auditor in Charge*

Cédric Rigoli
Licensed Audit Expert

Geneva, 11 June 2020

Enclosure:

- Consolidated financial statements (consolidated statement of financial activities, consolidated statement of financial position, cash flow statement, statement of changes in capital and funds and notes)

**INTERNATIONAL AIDS SOCIETY (IAS)
2019 FINANCIAL STATEMENTS**

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

<i>figures in USD</i>	Notes	2019
Membership fees		426,223
Income from conferences	4	4,679,218
Governments and public organizations	5	1,645,652
Foundation grants	6	2,259,675
Corporate grants and sponsorship	7	4,729,991
Other income	8	460,956
Income		14,201,715
<i>of which is restricted</i>		8,635,318
Conference(s) of the year	25	5,825,500
Other conference(s)	25	3,121,049
HIV programmes	25	6,137,631
Governance, management, administration	25	1,468,686
Operating expenditure		16,552,866
Operating result		-2,351,151
Financial result		115,478
Net result before change in restricted funds		-2,235,673
Change in restricted funds		-
Net result before allocation to capital		-2,235,673
Change in designated funds		2,083,196
Change in free capital		152,478
		0

**INTERNATIONAL AIDS SOCIETY (IAS)
2019 FINANCIAL STATEMENTS**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>figures in USD</i>	Notes	2019	2018
Cash & cash equivalents	9	19,710,433	16,934,470
Receivables, conferences and programmes	10	702,487	4,151,138
Other receivables	11	95,888	151,811
Prepayments and accrued income		65,859	2,152
Current assets		20,574,667	21,239,571
Financial assets	12	1,070,471	979,160
Tangible fixed assets	13	35,031	43,422
Non-current assets		1,105,502	1,022,582
Assets		21,680,169	22,262,153
Payables, conferences and programmes	14	467,377	1,077,329
Other payables	15	130,591	110,312
Accrued expenses	16	638,589	616,849
Deferred income	17	7,329,189	5,107,815
Current liabilities		8,565,746	6,912,305
Provisions	18	25,750	25,500
Non-current liabilities		25,750	25,500
Restricted funds		765,737	765,737
Designated funds	3	12,119,965	11,773,447
Future conferences pre-funding		-3,299,560	-869,856
Free capital		3,502,531	3,655,020
Capital of the organization		12,322,936	14,558,611
Liabilities, funds and capital		21,680,169	22,262,153

**INTERNATIONAL AIDS SOCIETY (IAS)
2019 FINANCIAL STATEMENTS**

CASH FLOW STATEMENT

	2019
Net result before changes in restricted funds	-2,235,673
Depreciation of fixed assets	45,974
(Increase) decrease in receivables	3,504,575
(Increase) decrease in prepaid expenses	-63,708
Increase (decrease) in creditors	-589,675
Increase (decrease) in deferred income	2,221,374
Increase (decrease) in accrued expenses	21,740
Increase (decrease) provision	250
Other charges and incomes with no cash impact	-76,216
Cash flow from operating activities	2,828,641
Purchase of fixed assets	-38,061
Disposal of fixed assets	478
Purchase of financial assets	-667,708
Disposal of financial assets	651,728
Cash flow from investing activities	-53,562
Increase (decrease) in cash & cash equivalents	2,775,079
Effect of exchange rates on cash held	884
Cash & cash equivalents, beginning of year	16,934,470
Cash & cash equivalents, end of year	19,710,433

**INTERNATIONAL AIDS SOCIETY (IAS)
2019 FINANCIAL STATEMENTS**

STATEMENT OF CHANGES IN CAPITAL AND FUNDS

	Opening balance	Allocation	Use	Internal transfers	Net change in 2019	2019
Scholarship reserve	765,737				-	765,737
Funds restricted to projects	-	8,635,318	-8,635,318		-	-
Restricted funds 2019	765,737	8,635,318	-8,635,318	-	-	765,737
Futur conferences pre-funding	-869,855	632,395	-3,062,100		-2,429,705	-3,299,560
Leadership reserve	54,135			-54,135	-54,135	0
AIDS conference revolving fund	5,893,536				-	5,893,536
Future conferences & follow up	409,452				-	409,452
IAS conference revolving fund	1,516,325	425,591	-24,939		400,652	1,916,977
HIVR4P revolving fund	1,500,000				-	1,500,000
Instit. Memory & Admin revolving fund	2,400,000				-	2,400,000
Designated funds	10,903,593	1,057,986	-3,087,039	-54,135	-2,083,188	8,820,405
General reserve	3,655,020		-206,624	54,135	-152,489	3,502,531
Free capital	3,655,020	-	-206,624	54,135	-152,489	3,502,531
Capital of the organization 2019	14,558,613	1,057,986	-3,293,662	-	-2,235,676	12,322,936

	Opening balance	Allocation	Use	Internal transfers	Net change in 2018	2018
Scholarship reserve	675,961	89,776			89,776	765,737
Funds restricted to projects	-	16,768,984	-16,768,984		-	-
Restricted funds 2018	675,961	16,858,760	-16,768,984	-	89,776	765,737
Futur conferences pre-funding	-590,219	-732,637	453,001		-279,636	-869,855
Leadership reserve	54,135				-	54,135
AIDS conference revolving fund	4,393,536	1,500,000			1,500,000	5,893,536
Future conferences & follow up	543,428		-133,976		-133,976	409,452
IAS conference revolving fund	1,516,325				-	1,516,325
HIVR4P revolving fund	-	1,500,000			1,500,000	1,500,000
Instit. Memory & Admin revolving fund	1,602,793	797,207			797,207	2,400,000
Designated funds	7,519,998	3,064,570	319,025	-	3,383,595	10,903,593
General reserve	2,842,007	1,046,677	-233,664	-	813,013	3,655,020
Free capital	2,842,007	1,046,677	-233,664	-	813,013	3,655,020
Capital of the organization 2018	10,362,005	4,111,247	85,361	-	4,196,608	14,558,613

INTERNATIONAL AIDS SOCIETY (IAS)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2019 In USD

1. General information

The International AIDS Society (IAS) was founded in Stockholm, Sweden, in 1988, and transferred to Geneva, Switzerland, in June 2004 in the form of an independent, not-for-profit association as defined by Article 60 and sequels of the Swiss Civil Code. The IAS is recognized as an international, private, non-governmental, non-profit organization with its headquarters in Geneva.

The IAS is exempt from Swiss federal and local tax on profits and capital.

The IAS leads collective action on every front of the global HIV response through its membership base, scientific authority and convening power. The society promotes the implementation of evidence-informed and human rights-based strategies for improving the lives of people living with and most vulnerable to acquiring HIV. The IAS is also the steward of the International AIDS Conference, the IAS Conference on HIV Science and the HIV Research for Prevention Conference.

The IAS produces a performance report, which is included in the International AIDS Society Annual Report. The financial statements and the annual report are published on the IAS website: iasociety.org.

2. Significant accounting policies

a. Basis of presentation

The financial statements of the IAS have been prepared in accordance with the provisions of the Swiss Code of Obligations and the Swiss GAAP, including Swiss GAAP FER 21.

The Swiss GAAP FER are accounting standards that provide a true and fair view of financial position, cash flows and financial activities. It includes the Swiss GAAP FER 21 "Accounting for charitable non-profit organizations".

The IAS's accounting policies and the format used for the presentation of its financial statements are designed to accurately present its conferences, programmes and other activities.

The financial statements are presented in US dollars. Figures are rounded to the nearest dollar and, therefore, differences may exist within summations.

The year ended 31 December 2019 is the first year that the IAS is reporting under Swiss GAAP RPC. As set out by Paragraph 8 of the Conceptual Framework, only the comparative information of the balance sheet is published in accordance with the Swiss GAAP RPC.

The Governing Council of the IAS approved these financial statements on 30 June 2020.

b. Currency conversion

The statements of financial position are converted into US dollars at the year-end rate.

Year-end rate

Currency	2019
CHF/USD	1.03
EUR/USD	1.12
GBP/USD	1.32

The transactions reflected in the statement of activities are converted at the transaction date rate.

c. Scope of the financial statements

The scope of the financial statements of the IAS includes:

- The account of "International AIDS Society (IAS)", a non-profit registered in Switzerland
- The account of "IAS", an American charity registered in Washington DC, under Section 501 (c) (3) of the Internal Revenue Code

- The account of “International AIDS Society NPC” registered in South Africa as a non-profit company (NPC).

d. Fixed assets

Tangible fixed assets purchased from unrestricted funds are capitalized and depreciated over the projected useful life of the assets. Depreciation is calculated using the straight-line method.

The expected useful life of fixed assets is three to five years for IT equipment, office equipment and furniture.

Tangible fixed assets purchased for a conference are expensed in the year of the purchase/conference. Tangible fixed assets purchased from restricted funds are expensed in the year of the purchase.

e. Financial assets

Financial assets are stated at the acquisition cost less impairment.

f. Revenue recognition

Revenue is recognized when the amount can be reliably estimated and it is probable that the IAS will receive the economic benefits.

Grants subject to donor conditions are recognized as an income over the life of the agreement in the year(s) in which the financed expenditures are incurred. At year-end, the difference between the cash received and expenses incurred is accounted for as a receivable and deferred revenue.

Revenue linked to a conference is recognized in the year of the conference. Unrestricted revenue is recognized as income in the year it is received. Membership fees are recognized in the year to which they relate.

g. Restricted funds

Restricted funds consist of funds whose purpose is subject to restrictions determined by third parties. The unspent portion of restricted funds is recognized in the balance sheet through allocation to restricted funds. When these funds are used in subsequent years, they are

recognized in the statement of financial activities through the use of funds.

h. Receivables

Accounts receivable are reported at their nominal value less any impairments required.

i. Liabilities

Liabilities are recognized at their nominal amount.

j. Related parties

Related parties are organizations and persons that are able to exercise significant influence, either directly or indirectly, on the IAS’s financial or operational decisions. IAS Governing Council members and members of the senior management team are considered to be related parties. Provided they exist and are significant, relations with related parties are disclosed in the notes to the financial statements.

k. Provisions

Provisions are valued at best estimate when the IAS has a legal obligation because of a past event and if it is probable that a payment will be required to settle the obligation.

3. Designated funds

The IAS Governing Council has set aside funds to cover financial risks and ensure the resilience of the organization.

IAC conference revolving fund and IAS conference revolving fund

In accordance with the distribution policy regarding surplus/deficit of the International AIDS Conference (IAC) and the IAS Conference on HIV Science, funds have been set aside to cover financial risks (for example, cancelled or postponed conference, reduced number of registrations, sudden decrease of sponsors).

These revolving funds are also used as working capital to cover costs incurred at an early stage of conference planning before income is received.

HIVR4P conference revolving fund

In 2018, the IAS Governing Council agreed with the Board of the Global HIV Vaccine Enterprise (GHVE) to host the operations of GHVE, including the HIV Research for Prevention Conferences (HIVR4P).

In this regard, GHVE transferred its assets to the IAS, which allowed the creation of the HIVR4P revolving fund.

IAS conference institutional memory and administration revolving fund

This fund supports the IAS Secretariat in carrying out specific Governing Council-approved conference-related activities.

General reserve for future conferences & follow up

This fund was created to allocate part of the conference operating surplus in 2016 and 2018 to specific activities in conjunction with the 2018 and 2020 International AIDS Conferences (AIDS 2018 and AIDS 2020).

4. Income from conferences

Conference registration fees	3,056,076
Exhibition & satellites	1,549,368
Other	73,774
Income from conferences	4,679,218

5. Income from governments and public organizations

US National Institutes of Health	844,392
Swiss Development Cooperation	394,850
Global Affairs Canada	226,285
Other	180,125
Governments and public organizations	1,645,652

6. Income from foundation grants

Bill & Melinda Gates Foundation	2,081,792
MAC AIDS Fund	100,000
Other	77,883
Foundation grants	2,259,675

7. Income from corporate grants and sponsorship

ViiV Healthcare	2,952,072
Chevron	148,750
Gilead Sciences	577,160
Janssen Pharmaceutical	264,606
Merck Sharp & Dohme	575,000
Other	212,403
Corporate grants and sponsorship	4,729,991

8. Other income

Online publications	376,443
Other incomes	84,513
Other incomes	460,956

9. Cash & cash equivalents

	2019	2018
Petty cash	14,044	31,376
Current accounts	10,602,867	11,793,638
Deposits	9,093,522	5,109,456
Cash & cash equivalents	19,710,433	16,934,470

10. Receivables, conferences & programmes

	2019	2018
Various donors for conferences	186,134	1,924,289
Various donors for programmes	516,353	2,226,849
Receivables, conferences and programmes	702,487	4,151,138

11. Other receivables

	2019	2018
Swiss VAT	48,329	54,671
Foreign VAT	-	75,219
Other	47,558	21,921
Other receivables	95,888	151,811

12. Financial assets

Financial assets include bonds and equities based on moderate risk and exclude illiquid investment. They are all socially responsible investments.

13. Fixed assets

Fixed assets	Furniture & fixture	Hardware & software	Total
<u>Gross value of cost</u>			
At 1 January 2019	227,628	418,535	646,163
Additions	0	38,061	38,061
Disposals / transfers	0	-478	-478
Cost 31 December 2019	227,628	456,118	683,746
<u>Accumulated depreciation</u>			
At 1 January 2019	227,628	375,112	602,740
Depreciation	0	45,974	45,974
Disposals / transfers	0	0	0
At 31 December 2019	227,628	421,087	648,714
Net book value at 31 December 2019	0	35,031	35,031
<u>Gross value of cost</u>			
At 1 January 2018	227,628	380,317	607,945
Additions	0	39,152	39,152
Disposals / transfers	0	-934	-934
Cost 31 December 2018	227,628	418,535	646,163
<u>Accumulated depreciation</u>			
At 1 January 2018	227,628	335,704	563,332
Depreciation	0	39,408	39,408
Disposals / transfers	0	0	0
At 31 December 2018	227,628	375,112	602,740
Net book value at 31 December 2018	0	43,423	43,423

14. Payables, conferences and programmes

	2019	2018
Payables, conferences	197,522	431,222
Payables, programmes	269,855	646,107
Payables, conferences and programmes	467,377	1,077,329

15. Other payables

	2019	2018
VAT	130,591	110,312
Other payables	130,591	110,312

16. Accrued expenses

	2019	2018
Social debts	273,215	237,283
Accrued annual leave	220,230	195,086
Accrued conference expenses	124,690	137,665
Other accrued expenses	20,454	46,815
Accrued expenses	638,589	616,849

17. Deferred income

	2019	2018
Membership	688,627	825,840
AIDS 2020	1,166,081	-
HIVR4P	1,027,464	-
IAS 2019	-	82,942
DSD	1,489,798	722,316
CIPHER	1,123,443	1,512,851
Vaccine Enterprise	657,359	712,304
Other programmes	1,176,417	1,251,562
Deferred income	7,329,189	5,107,815

18. Provision

A provision has been set up to refurbish the Geneva office at the end of the lease. This provision amounts to CHF 25,000 (USD 25,750 in 2019).

19. Remuneration of Governing Council members and directors

All members of the IAS Governing Council are appointed on a voluntary basis and do not receive any remuneration for their mandate.

The senior management team is composed of seven directors. Their total gross salaries (including salaries, all benefits and all social charges) amounted to a total of CHF 1,231,965 (CHF 1,259,355 in 2018).

20. Employees, full-time equivalents

In 2019, the annual number of full-time equivalents based in Switzerland was 61 (58 in 2018) and in the USA four (0 in 2018).

21. Pension plan obligation

In compliance with the Swiss Federal Law on Occupational Retirement, the IAS operates a pension plan for all its employees in Geneva. The occupational benefits are provided by a collective foundation, Caisse Inter-Entreprises de prévoyance professionnelle (CIEPP), according to a defined-contribution benefit plan.

22. Bank guarantee

The IAS has a CHF 111,125 bank guarantee from UBS AG for its office rental in favour of the Fondation des Immeubles pour les Organisations Internationales (FIPOI).

23. Off-balance sheet commitment

The IAS has no commitment for more than 12 months.

24. Subsequent events

Due to the COVID-19 pandemic, the IAS Governing Council decided to change the format of the International AIDS Conference in 2020 (AIDS 2020) from an in-person event in San Francisco and Oakland, USA, to a virtual conference on the same dates (6-10 July 2020).

25. Statement of activities by nature and destination (a)

	ILF	JIAS	CIPHER	CURE	Youth Voices	ATC	M&MHP	DSD	VE	Co- Infections	Educ. Fund	Total HIV programmes
Membership fees	-	-	-	12,990	-	-	-	-	-	10,784	-	-
Income from conferences	-	-	-	29,218	-	-	-	-	82,397	65,595	347,283	23,774
Governments and public organizations	-	-	-	47,787	-	-	-	-	-	-	-	524,493
Foundation grants	-	-	2,475	221,655	-	-	91,060	1,157,111	619,389	-	-	1,917,822
Corporate grants and sponsorship	256,098	-	1,418,181	98,668	39,650	-	-	-	-	32,520	1,215,765	3,282,537
Other income	-	376,443	-	-	-	-	-	-	-	-	-	376,443
Income	256,098	376,443	1,420,656	311,650	98,668	39,650	91,060	1,157,111	701,786	108,899	1,563,047	6,125,069
Personnel cost	69,828	277,354	450,843	60,185	78,169	2,510	29,253	238,485	419,294	225,590	544,571	2,396,081
Consultants & services	42,980	6,169	27,507	9,674	3,039	31,500	-	399,543	84,147	32,740	132,833	770,131
Administration and depreciation	214	586	23,475	629	105	-	-	2,585	2,370	1,267	6,277	37,506
Travel expenses	1,504	7,747	121,569	141,850	14,595	3,159	8,702	285,954	149,446	35,508	562,408	1,332,443
Governance retreat & expenditures	-	-	1,181	2,899	-	-	-	-	4,502	-	7,000	15,582
Conf/congress/operating expenses	1,607	815	55,847	41,034	2,761	2,481	5,642	133,246	42,028	36,968	186,860	509,289
Other expenses	-	979	-	-	-	-	-	798	-	-	-	1,777
Subgrants and prizes	-	-	740,235	47,000	-	-	48,000	96,500	-	20,000	123,085	1,074,821
Expense	116,133	293,649	1,420,657	303,270	98,669	39,650	91,597	1,157,111	701,787	352,073	1,563,035	6,137,631
Operating result	139,965	82,794	-1	8,380	-0	-0	-537	-0	-2	-243,174	12	-12,562
Financial result	-	-	-	-	-	-	-	-	-	-	-	-
Result before change in restr. funds	139,965	82,794	-1	8,380	-0	-0	-537	-0	-2	-243,174	12	-12,562
Future conferences pre-funding	-	-	-	-	-	-	-	-	-	-	-	-
IAS Conference Revolving Fund	-	-	-	-	-	-	-	-	-	-	-	-
Designated funds	-	-	-	-	-	-	-	-	-	-	-	-
General reserve	-139,965	-82,794	1	-8,380	0	0	537	0	2	243,174	-12	12,562
Result after transfers	-	-	-	-	-	-	-	-	-	-	-	-

25. Statement of activities by nature and destination (b)

	IAS 2019	AIDS 2020	IAS 2021	R4P 2020	Past conf.	Total conferences	Govern, mgm, adm.	Total HIV programmes	Grand total
Membership fees	-	-	-	-	-	-	426,223	-	426,223
Income from conferences	4,655,444	-	-	-	-	4,655,444	-	23,774	4,679,218
Governments and public organizations	1,051,085	-	-	-	-	1,051,085	70,074	524,493	1,645,652
Foundation grants	45,483	-	-	-	-	45,483	296,371	1,917,822	2,259,675
Corporate grants and sponsorship	1,124,375	-	-	-	-	1,124,375	323,079	3,282,537	4,729,991
Other income	7,500	-	-	-	34,413	41,913	42,600	376,443	460,956
Income	6,883,886	-	-	-	34,413	6,918,300	1,158,347	6,125,069	14,201,715
Personnel cost	2,282,450	1,785,921	23,925	148,587	-	4,240,883	691,262	2,396,081	7,328,226
Consultants & services	1,644,002	277,026	603	38,447	-	1,960,078	468,847	770,131	3,199,055
Administration and depreciation	433,134	342,677	-	1,168	59,360	836,339	172,326	37,506	1,046,172
Travel expenses	690,207	227,179	151	14,506	-	932,043	32,314	1,332,443	2,296,801
Governance retreat & expenditures	86,156	17,589	-	-	-	103,744	98,556	15,582	217,883
Conf/congress/operating expenses	639,109	18,514	-	24,947	-	682,570	5,381	509,289	1,197,241
Other expenses	2,244	-	-	-	-	2,244	-	1,777	4,021
Subgrants and prizes	48,198	140,450	-	-	-	188,648	-	1,074,821	1,263,469
Expense	5,825,500	2,809,355	24,680	227,654	59,360	8,946,549	1,468,686	6,137,631	16,552,866
Operating result	1,058,386	-2,809,355	-24,680	-227,654	-24,947	-2,028,250	-310,339	-12,562	-2,351,151
Financial result	-400	-411	-	-	-	-811	116,285	-	115,475
Result before change in restr. funds	1,057,986	-2,809,766	-24,680	-227,654	-24,947	-2,029,061	-194,054	-12,562	-2,235,676
Future conferences pre-funding	-632,395	2,809,766	24,680	227,654	-	2,429,705	-	-	2,429,705
IAS conference revolving fund	-425,591	-	-	-	24,947	-400,644	-	-	-400,644
Designated funds	-1,057,986	2,809,766	24,680	227,654	24,947	2,029,061	-	-	2,029,061
General reserve	-	-	-	-	-	-	194,054	12,562	206,616
Result after transfers	-	-	-	-	-	-	-	-	0