

The International Vaccine Institute

Financial statements

December 31, 2019 and 2018

The International Vaccine Institute
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December 31, 2019 and 2018

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Report of Independent Auditors

To the Board of Trustees of
The International Vaccine Institute

We have audited the accompanying financial statements of the International Vaccine Institute (the "IVI"), which comprise the statements of financial position as of December 31, 2019, 2018, and January 1, 2018, and the related statements of activities, statements of functional expenses and statements of cash flows for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the IVI's preparation and fair presentation 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 IVI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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 referred to above present fairly, in all material respects, the financial position of the IVI as of December 31, 2019, 2018, and January 1, 2018, and the results of its operations and its cash flows for the years ended as of December 31, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14, in 2019, the IVI changed the basis of accounting for preparing its financial statements from Consultative Group on International Agricultural Research (“CGIAR”) Accounting Policies and Reporting Practices to accounting principles generally accepted in the United States of America. The financial statements for 2018 have also been presented on the accounting principles generally accepted in the United States of America adopted in 2019. Our opinion is not modified with respect to this matter.

April 21, 2020
Seoul, Korea

<p>This report is effective as of April 21, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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The International Vaccine Institute
Statements of Financial Position
As of December 31, 2019, 2018 and 2017

	2019	2018	2017
(In U.S. Dollars)			
Assets			
Current assets			
Cash and cash equivalents(Note 3)	\$ 11,052,691	\$ 4,154,291	\$ 3,389,308
Bank deposits(Note 3)	8,427,366	14,352,428	15,696,083
Contributions receivable, net(Note 4)	5,572,781	6,946,173	5,978,011
Accounts receivable-other	33,527	62,925	50,634
Prepaid expenses	402,810	263,234	226,066
Loans to employees	44,805	33,994	260,177
Advanced payment	19,516	8,071	3,920
Total Current Assets	25,553,496	25,821,116	25,604,199
Non-Current Assets			
Contributions receivable, non-current, net(Note 4)	4,286,763	-	905,574
Property and equipment, net(Note 6)	2,460,697	1,956,830	1,660,043
Intangible Assets(Note 7)	13,736,952	14,096,088	14,455,223
Other assets(Note 8)	351,017	343,339	69,219
Total Non-current Assets	20,835,429	16,396,257	17,090,059
Total assets	46,388,925	42,217,373	42,694,258
Liabilities and net assets			
Current liabilities			
Accounts payable-other(Note 10)	1,537,363	906,905	790,929
Advance payments received	4,818	22,400	-
Accrued expenses	596,702	603,922	685,735
Total Current Liabilities	2,138,883	1,533,227	1,476,664
Non-current liabilities			
Building Deposit	185,671	190,241	131,355
Total Non-current Liabilities	185,671	190,241	131,355
Total liabilities	2,324,554	1,723,468	1,608,019
Net assets			
Without donor restrictions(Note 9)	33,277,900	29,163,885	29,409,627
With donor restrictions(Note 9)	10,786,471	11,330,020	11,676,612
Total net assets	44,064,371	40,493,905	41,086,239
Total liabilities and net assets	\$ 46,388,925	\$ 42,217,373	\$ 42,694,258

The above statements of financial position should be read in conjunction with the accompanying notes.

The International Vaccine Institute
Statements of Activities
For the Year Ended December 31, 2019

(In U.S. Dollars)	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions	\$ 11,111,552	\$ 19,683,248	\$ 30,794,800
Other income(Note 11)	379,205	214	379,419
Interest income(Note 5)	122,852	247,528	370,380
Foreign exchange gain	700,799	17,216	718,015
Net assets released from restrictions			
Satisfaction of program restrictions	19,932,584	(19,932,584)	-
Satisfaction of equipment acquisition restrictions	176,434	(176,434)	-
Expiration of time restrictions	-	-	-
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	382,737	(382,737)	-
Total net assets released from restrictions	20,491,755	(20,491,755)	-
Total revenues	32,806,163	(543,549)	32,262,614
Expenses			
Program Cholera	1,293,435	-	1,293,435
Program Typhoid	7,228,275	-	7,228,275
Program HPV	843,236	-	843,236
Program Others	8,483,173	-	8,483,173
Management and general	9,900,003	-	9,900,003
Foreign exchange loss	944,026	-	944,026
Total expenses	28,692,148	-	28,692,148
Change in net assets	4,114,015	(543,549)	3,570,466
Net assets at the beginning of year	29,163,885	11,330,020	40,493,905
Net assets at the end of year	\$ 33,277,900	\$ 10,786,471	\$ 44,064,371

The above statements of activities should be read in conjunction with the accompanying notes.

The International Vaccine Institute
Statements of Activities
For the Year Ended December 31, 2018

(In U.S. Dollars)	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions	\$ 6,130,366	\$ 22,049,853	\$ 28,180,219
Other income(Note 11)	344,236	-	344,236
Interest income(Note 5)	193,052	149,277	342,329
Foreign exchange gain	241,901	88,963	330,864
Net assets released from restrictions			
Satisfaction of program restrictions	22,222,979	(22,222,979)	-
Satisfaction of equipment acquisition restrictions	381,356	(381,356)	-
Expiration of time restrictions	-	-	-
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	30,350	(30,350)	-
Total net assets released from restrictions	22,634,685	(22,634,685)	-
Total revenues	29,544,240	(346,592)	29,197,648
Expenses			
Program Cholera	2,479,359	-	2,479,359
Program Typhoid	7,120,593	-	7,120,593
Program HPV	1,628,495	-	1,628,495
Program Others	8,882,085	-	8,882,085
Management and general	8,924,530	-	8,924,530
Foreign exchange loss	754,920	-	754,920
Total expenses	29,789,982	-	29,789,982
Change in net assets	(245,742)	(346,592)	(592,334)
Net assets at the beginning of year	29,409,627	11,676,612	41,086,239
Net assets at the end of year	\$ 29,163,885	\$ 11,330,020	\$ 40,493,905

The above statements of activities should be read in conjunction with the accompanying notes.

The International Vaccine Institute
Statements of Functional Expenses
For the Year Ended December 31, 2019

	Program Services				Support services		Total
	Cholera	Typhoid	HPV	Other	Total program services	Management and General	
(In U.S. Dollars)							
Salaries & Benefits	\$ 515,472	\$ 2,154,747	\$ 323,258	\$ 2,541,277	\$ 5,534,754	\$ 5,154,062	\$ 10,688,816
Travel Expense	230,374	709,971	72,501	488,566	1,501,412	522,490	2,023,902
Service expenses	70,216	564,529	116,612	514,567	1,265,924	1,398,879	2,664,803
Sub-Awards	402,442	3,463,191	232,933	3,734,862	7,833,428	-	7,833,428
Supplies	28,489	220,766	96,376	1,001,195	1,346,826	457,592	1,804,418
Building Expenses	-	-	-	-	-	1,514,847	1,514,847
Depreciation Expenses	4,081	59,256	-	113,098	176,435	331,273	507,708
Amortization Expenses	-	-	-	-	-	359,136	359,136
Other costs(Note 12)	42,361	55,815	1,556	89,608	189,340	161,724	351,064
Total expenses	<u>\$ 1,293,435</u>	<u>\$ 7,228,275</u>	<u>\$ 843,236</u>	<u>\$ 8,483,173</u>	<u>\$ 17,848,119</u>	<u>\$ 9,900,003</u>	<u>\$ 27,748,122</u>

The above statements of functional expenses should be read in conjunction with the accompanying notes.

The International Vaccine Institute
Statements of Functional Expenses
For the Year Ended December 31, 2018

	Program Services				Support services		Total
	Cholera	Typhoid	HPV	Other	Total program services	Management and General	
(In U.S. Dollars)							
Salaries & Benefits	\$ 838,124	\$ 2,068,938	\$ 315,017	\$ 2,806,423	\$ 6,028,502	\$ 4,865,339	\$ 10,893,841
Travel Expense	274,542	421,386	126,761	400,758	1,223,447	385,446	1,608,893
Service expenses	156,436	304,953	57,395	1,003,898	1,522,682	1,172,870	2,695,552
Sub-Awards	983,286	4,033,593	884,256	3,060,210	8,961,345	31,976	8,993,321
Supplies	200,114	245,180	243,092	1,227,651	1,916,037	232,054	2,148,091
Building Expenses	-	-	-	37,346	37,346	1,541,481	1,578,827
Depreciation Expenses	21,428	36,075	-	323,853	381,356	243,262	624,618
Amortization Expenses	-	-	-	-	-	359,136	359,136
Other costs(Note 12)	5,429	10,468	1,974	21,946	39,817	92,966	132,783
Total expenses	<u>\$ 2,479,359</u>	<u>\$ 7,120,593</u>	<u>\$ 1,628,495</u>	<u>\$ 8,882,085</u>	<u>\$ 20,110,532</u>	<u>\$ 8,924,530</u>	<u>\$ 29,035,062</u>

The above statements of activities and changes in net assets should be read in conjunction with the accompanying notes.

The International Vaccine Institute
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
(In U.S. Dollars)		
Cash flows from operating activities		
Change in net assets	\$ 3,570,466	\$ (592,334)
Adjustments to reconcile change in net assets to net cash provided operating activities		
Depreciation	507,708	624,618
Amortization	359,136	359,136
Loss on sale of fixed assets	-	5,529
Loss on foreign currency translation	81,299	147,908
Increase in contributions receivable	(2,888,660)	(62,588)
Decrease(increase) in accounts receivable-other	29,435	(12,291)
Increase in prepaid expenses	(139,576)	(37,168)
Decrease(increase) in loans to employees	(10,811)	226,183
Increase in other assets	(14,229)	(273,179)
Increase in advanced payment	(11,445)	(4,151)
Increase in accounts payable-other	635,782	108,470
Increase(decrease) in advance payments received	(17,582)	22,400
Decrease in accrued expenses	(7,220)	(81,813)
Increase in building deposits	-	58,886
Net cash inflow provided by operating activities	2,094,303	489,605
Cash flows from investing activities		
Net change of investment in bank deposits	5,925,062	1,343,655
Purchase of property and equipment	(1,018,450)	(922,835)
Proceeds from disposals of other non-current assets	-	993
Net cash inflow provided by investing activities	4,906,612	421,813
Cash flows from financing activities	-	-
Net cash inflow provided by financing activities	-	-
Changes in cash and cash equivalents due to foreign currency translation	(102,515)	(146,435)
Net increase in cash and cash equivalents	6,898,400	764,983
Cash and cash equivalents at the beginning of the year	4,154,291	3,389,308
Cash and cash equivalents at the end of the year	\$ 11,052,691	\$ 4,154,291

The above statements of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

December 31, 2019 and 2018

1. Nature of Activities

The International Vaccine Institute (the “IVI”) located in Seoul, Republic of Korea, is an independent international not for profit organization established at the initiative of the United Nations Development Programme (UNDP) under the Vienna Convention of 1969 through a treaty signed by Signatory Countries. Signatories and/or State Parties to the IVI Establishment Agreement include the World Health Organization (WHO) and 35 signatory countries. The IVI’s mission is to discover, develop and deliver safe, effective and affordable vaccines for global public health.

The IVI’s registered office is located in Seoul National University Research Park, 1 Gwanak-ro, Gwanak-gu, Seoul, Korea. The number of employees as of December 31, 2019 is 142.

The Korean National Assembly ratified the IVI’s Headquarters Agreement between the Republic of Korea and the IVI on December 1, 1998.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the IVI in the preparation of its financial statements are summarized below:

Basis of Financial Statement Presentation

The IVI’s financial statements have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP). The IVI primarily generates and expends cash in U.S. Dollars which is its measurement currency. All amounts are presented in U.S. Dollars, unless indicated otherwise.

The IVI have applied U.S. GAAP on and after the beginning of the financial year of January 1, 2019. In accordance with ASC 250, ‘Accounting Changes and Error Corrections’, the financial statements for 2018 has been restated due to retrospective application, and the date of conversion to U.S. GAAP is January 1, 2018. The IVI believes the U.S. GAAP is preferable because it improves comparability with many of its peers. The adjustments resulted from U.S. GAAP conversion are described in Note 14 of the financial statements.

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities.

Recent Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. For resource providers, the ASU is effective for annual periods beginning after December 15, 2019, with early adoption permissible. The IVI has not applied ASU No. 2018-08 as of December 31, 2019, and determined that the adoption will not have material impact on its financial statements.

In March 2019, the FASB issued ASU No. 2019-03, Not-for-Profit Entities (Topic 958): Updating the Definition of collections, which improve the definition of the term collections in the Master Glossary by realigning it with the definition in the American Alliance of Museums' (AAM) Code of Ethics for Museums (the Code) in order to eliminate the diversity in practice that exists today between the application of the Master Glossary's definition compared with the definition that entities use for accreditation purposes. For resource providers, the amendments in this ASU is effective for annual

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financial statements issued for fiscal years beginning after December 15, 2019. The IVI has not applied ASU No. 2019-03 as of December 31, 2019, and determined that the adoption will not have material impact on its financial statements.

Revenue recognition

Revenue recognition (conditional)

Conditional promises to give shall be recognized when the condition or conditions on which they depend are substantially met.

Revenue recognition (unconditional)

An unconditional promise to give shall be recognized when it is received. However, to be recognized there must be sufficient evidence in the form of verifiable documentation that a promise was made and received. In cases of ambiguous donor stipulations, a contribution containing stipulations that are not clearly unconditional shall be presumed to be a conditional contribution.

Intangible asset (In-kind contribution)

The IVI received rights to use certain assets for free without legal title passing to the IVI. Such rights are recorded as intangible asset at its estimated fair value at the date of transfer, if the rights received i) create or enhance nonfinancial assets or ii) require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. Amortization is computed using the straight-line method based on estimated useful lives ranging from 1-55 years.

Sub-awards expenditure

Sub-awards expenditures are recognized as incurred.

Cash and cash equivalents, and Bank deposits

The IVI holds deposits at several banks with high credit ratings. Bank deposits are stated at cost and accrued interest from the deposits is added to the principal.

Contributions Receivable

Unconditional promises to give are recognized initially at present value as contributions revenue in the period such promises are made by donors. Present value is estimated giving consideration to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. The amortization of the discounts is recorded as additional contribution revenue.

Prepaid expenses

Prepaid expense is the amount paid in advance, which will be recognized as an expense following the passage of time.

Loans to Employees

Loans to employee are repaid through monthly salaries of the employees, which are generally provided to internationally recruited employees for their housing rental deposit.

Advanced payment

Advanced payment is the amount paid for the official purpose of employees or consultants, which will be recognized as expense after receiving expense reports.

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Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Routine maintenance and repairs are expensed as incurred. Subsequent expenditures on property and equipment are capitalized when the condition of the asset is improved beyond originally assessed standard of performance. Depreciation is computed using the straight-line method based on estimated useful lives ranging from 1 to 10 years.

Guarantee deposits

Guarantee deposits are lump sums paid based on a contract for the right to use assets. The deposits will be refunded after expiration of the contract or at the time of early termination of the contract by the IVI. The deposits due on demand are carried at their nominal amount.

Foreign currency translation

Monetary foreign currency assets and liabilities have been translated into U.S. Dollar equivalents using the current exchange rates in effect on December 31, 2019 and 2018, respectively. Foreign currency transactions are translated into U.S. Dollar using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the translation and from settlement of such transactions are recognized. The IVI separately discloses the gross effects of changes in foreign exchange rates in the statement of activities.

Retirement benefits

The IVI operates defined contribution plans for certain employees. The IVI makes pension deposits, which amount to 15 percent of monthly salary. Retirement benefits are paid to employees from the pension deposits. The IVI's contributions relating to defined contribution plans amount to US\$ 1,038,911 in 2019 (2018: US\$ 1,064,537).

Net Assets

A statement of financial position shall focus on the not-for-profit as a whole and shall report net assets classified based on the restrictions. The amounts for each of two classes of net assets with donor restrictions, without donor restriction are based on the existence or absence of donor-imposed restrictions.

1) Net assets with donor restrictions

Net assets with donor restrictions are based on the existence of donor-imposed restrictions.

2) Net assets without donor restrictions

Net assets without donor restrictions are based on the absence of donor-imposed restrictions.

Capital fund

The capital fund is appropriated by the transfers from 'Undesignated asset' based on IVI's decision and it is the main source for future acquisition of property and equipment.

Undesignated asset

The undesignated asset represents the accumulated net asset changes of IVI's revenue over expenses, and is used to meet ongoing operating requirements. This includes intangible asset, IVI building right to use.

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Notes to the Financial Statements
December 31, 2019 and 2018

3. Cash and cash equivalents, and Bank Deposits

Cash and cash equivalents and bank deposits as of December 31, 2019, 2018 and 2017 consist of the following:

(In U.S. Dollars)	2019	2018	2017
Cash and cash equivalents			
Demand deposits	\$ 4,226,548	\$ 1,897,036	\$ 2,100,628
MMDA	6,826,143	2,257,255	1,288,680
	11,052,691	4,154,291	3,389,308
Bank deposits			
Time deposits	8,398,521	14,304,635	15,672,009
Accrued interest	28,845	47,793	24,074
	8,427,366	14,352,428	15,696,083
	\$ 19,480,057	\$ 18,506,719	\$ 19,085,391

Restricted cash and cash equivalents as of December 31, 2019 are \$ 11,148 of escrow account.

4. Contributions receivable

Contributions receivable as of December 31, 2019, 2018 and 2017 consists of the following:

(In U.S. Dollars)	2019	2018	2017
Contributions receivable			
Less than one year	\$ 5,558,807	\$ 6,949,399	\$ 5,987,441
One to five years	4,255,474	-	915,244
	9,814,281	6,949,399	6,902,685
Less unamortized discount	45,263	(3,226)	(19,100)
Total contributions receivable, net	9,859,544	6,946,173	6,883,585
Less current contributions receivable	(5,572,781)	(6,946,173)	(5,978,011)
Total long-term contributions receivable	\$ 4,286,763	\$ -	\$ 905,574

Contributions receivable are recorded as contributions based upon the net present value of the amounts. Swedish Government bonds rate was used to determine the present value for the long-term receivable.

5. Investment Income

IVI's interest income of US\$ 399,428 occurs from time deposits for the year ended December 31, 2019(2018: US\$ 334,821).

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6. Property and equipment

Changes in property and equipment for the years ended December 31, 2019 and 2018 are as follows:

	2019			
	January 1	Additions & Depreciation	Disposals	December 31
(In U.S. Dollars)				
Acquisition cost:				
Furniture and office equipment	\$ 1,619,943	\$ 321,010	\$ -	\$ 1,940,953
Leasehold improvements	241,031	-	-	241,031
Computer equipment	1,593,898	126,949	-	1,720,847
Vehicles	43,364	-	-	43,364
Laboratory equipment	3,327,576	-	-	3,327,576
Scientific equipment	1,166,269	420,615	-	1,586,884
Project equipment	1,189,576	143,003	(34,159)	1,298,420
Construction in progress	-	-	-	-
	<u>9,181,657</u>	<u>1,011,577</u>	<u>(34,159)</u>	<u>10,159,075</u>
Accumulated depreciation:				
Furniture and office equipment	697,071	143,135	-	840,206
Leasehold improvements	105,012	22,020	-	127,032
Computer equipment	1,399,939	81,186	-	1,481,125
Vehicles	7,950	8,673	-	16,623
Laboratory equipment	3,327,576	-	-	3,327,576
Scientific equipment	797,277	76,259	-	873,537
Project equipment	890,001	176,437	(34,159)	1,032,279
	<u>7,224,827</u>	<u>507,710</u>	<u>(34,159)</u>	<u>7,698,378</u>
Net book value	<u>\$ 1,956,830</u>	<u>\$ 503,867</u>	<u>\$ -</u>	<u>\$ 2,460,697</u>

	2018			
	January 1	Additions & Depreciation	Disposals	December 31
(In U.S. Dollars)				
Acquisition cost:				
Furniture and office equipment	\$ 1,335,268	\$ 295,857	\$ (11,182)	\$ 1,619,943
Leasehold improvements	241,031	-	-	241,031
Computer equipment	1,457,367	154,200	(17,669)	1,593,898
Vehicles	70,653	43,364	(70,653)	43,364
Laboratory equipment	4,104,658	-	(777,082)	3,327,576
Scientific equipment	997,219	185,610	(16,560)	1,166,269
Project equipment	897,315	292,261	-	1,189,576
Construction in progress	43,364	(43,364)	-	-
	<u>9,146,875</u>	<u>927,928</u>	<u>(893,146)</u>	<u>9,181,657</u>
Accumulated depreciation:				
Furniture and office equipment	590,933	110,797	(4,659)	697,071
Leasehold improvements	82,477	22,535	-	105,012
Computer equipment	1,363,923	53,685	(17,669)	1,399,939
Vehicles	70,653	7,950	(70,653)	7,950
Laboratory equipment	4,104,658	-	(777,082)	3,327,576
Scientific equipment	765,543	48,295	(16,560)	797,278
Project equipment	508,645	381,356	-	890,001
	<u>7,486,832</u>	<u>624,618</u>	<u>(886,623)</u>	<u>7,224,827</u>
Net book value	<u>\$ 1,660,043</u>	<u>\$ 303,310</u>	<u>\$ (6,523)</u>	<u>\$ 1,956,830</u>

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7. Intangible assets

Changes in intangible assets for the years ended December 31, 2019 and 2018 are as follows:

	2019			
	January 1	Additions & Amortization	Disposals	December 31
(In U.S. Dollars)				
Acquisition cost:				
Intangible assets – Building right	\$ 19,752,479	\$ -	\$ -	\$ 19,752,479
	<u>19,752,479</u>	<u>-</u>	<u>-</u>	<u>19,752,479</u>
Accumulated amortization:				
Accumulated amortization – Building right	5,656,391	359,136	-	6,015,527
	<u>5,656,391</u>	<u>359,136</u>	<u>-</u>	<u>6,015,527</u>
Net book value	<u>\$ 14,096,088</u>	<u>\$ (359,136)</u>	<u>\$ -</u>	<u>\$ 13,736,952</u>
2018				
	January 1	Additions & Amortization	Disposals	December 31
(In U.S. Dollars)				
Acquisition cost:				
Intangible assets – Building right	\$ 19,752,479	\$ -	\$ -	\$ 19,752,479
	<u>19,752,479</u>	<u>-</u>	<u>-</u>	<u>19,752,479</u>
Accumulated amortization:				
Accumulated amortization – Building right	5,297,256	359,136	-	5,656,391
	<u>5,297,256</u>	<u>359,136</u>	<u>-</u>	<u>5,656,391</u>
Net book value	<u>\$ 14,455,223</u>	<u>\$ (359,136)</u>	<u>\$ -</u>	<u>\$ 14,096,088</u>

8. Other assets

Other assets as of December 31, 2019, 2018 and 2017 consists of the following:

	2019	2018	2017
(In U.S. Dollars)			
Guaranteed deposits	\$ 313,396	\$ 291,918	\$ 1,947
Telephone subscription rights	2,299	2,299	2,299
Accounts receivable-other, non-current	35,322	49,122	64,973
	<u>\$ 351,017</u>	<u>\$ 343,339</u>	<u>\$ 69,219</u>

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9. Net assets

(1) Net assets without donor restrictions as of December 31, 2019, 2018 and 2017 consist of the following:

(In U.S. Dollars)	2019	2018	2017
Capital fund	\$ 2,712,162	\$ 2,712,162	\$ 2,712,162
Undesignated	30,565,738	26,451,723	26,697,465
	\$ 33,277,900	\$ 29,163,885	\$ 29,409,627

Undesignated Asset includes intangible asset, IVI building right to use, and the amount is US\$ 13,736,952 as of end of 2019 (2018: US\$ 14,096,088, 2017: US\$ 14,455,223). And it includes right to receive which has not been paid in cash.

(2) Net assets with donor restrictions as of December 31, 2019, 2018 and 2017 consists of the following:

(In U.S. Dollars)	2019	2018	2017
Cholera	\$ 1,786,362	\$ 1,403,216	\$ 2,421,391
Typhoid	6,318,657	5,622,234	5,593,022
HPV	1,875,357	509,026	-
Others	806,095	3,795,544	3,662,199
	\$ 10,786,471	\$ 11,330,020	\$ 11,676,612

(3) Changes in net assets with donor restrictions are as follows, separately by each program for the years ended December 31, 2019 and 2018, are as follows:

(In U.S. Dollars)	2019	2018
Net assets at the beginning of the year	\$ 11,330,020	\$ 11,676,612
Increase:		
Vi-DT Phase 3 Clinical Development Support	5,521,728	-
Process Development & Scale-up Activities: Vi-DT SK	2,524,160	2,253,959
HPV Vaccine Single Dose Impact Study	2,338,160	2,384,561
Fleming Regional Grant (AMR)	1,213,243	-
Cholera Vaccines Standards and reagents	851,526	-
TUNDRA (Real-time AMR surveillance in Asia)	727,590	382,391
Optimization and preclinical development of TB	647,940	286,855
Vi-DT clinical development support for SK	578,456	1,026,956
Vaccine Development against MERS-CoV	544,266	3,783,812
Oral Cholera Vaccine reformulation	500,718	-
AVANTI(Alliance for Vacc Access, New Tech & Inno)	344,438	-
Rapid test kit and ELISA for viral hemorrhagic fevers	275,264	284,859
KSC Funding for multi projects	266,028	120,245
Dengue National Regulatory Authority meeting support	255,331	152,589
Development of HAV/HBV combination vaccine	217,265	226,565
MOCA (Cholera vaccination and in Mozambique)	216,861	1,311,729
MERS-CoV vaccine candidate and evaluation system	210,598	582,264
Immunologic assay development for typhoid vaccine	186,608	129,164
NIH dengue vaccine DB	179,341	402,081
Neutralizing antibodies against hemorrhagic fever	158,910	160,826

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(In U.S. Dollars)	2019	2018
Vaccinology Course	158,450	232,620
Support for EuB to Acquire WHO CTC Label for OCVs	154,170	383,821
Development of Zika vaccine using VSV/AdenoChimp	154,060	163,904
MERS_CoV convalescent sera for standard assays	148,694	-
VASA (Vaccine Against Schistosomiasis for Africa)	136,847	-
US-Japan Cholera Conference	136,117	90,677
Development of Microneedle HB Vaccine Formulation	118,093	105,945
SOMA (Madagascar Schistosomiasis Program)	116,455	26,923
Development of vaccine candidate for adenovirus 55	112,108	-
Economic analysis of Typhoid Conjugate Vaccine	105,032	113,807
Typhoid Fever Surveillance in Africa	43,556	3,664,324
Immunodominant CTL epitope study	41,350	43,202
M&R Costing in India for ICAN	24,800	43,628
THECA Studies (Typhoid Epidemiology in Africa)	15,486	731,130
TSAP CID (Clinical Infectious Diseases) Publication	11,264	173,972
Vi-DT clinical development support for PT BioFarma	8,201	12,558
Dengue General Support	7,307	140,817
Multi projects funded by KCDC	3,996	899,755
Others	311,056	1,941,805
Sub total	19,565,472	22,257,744
Decrease :		
Vi-DT Phase 3 Clinical Development Support	2,599,289	-
Vaccine Development against MERS-CoV	2,331,267	3,056,227
Typhoid Fever Surveillance in Africa	1,834,008	2,792,632
Process Development & Scale-up Activities: Vi-DT SK	1,629,065	2,256,368
Vi-DT clinical development support for SK	1,243,981	2,407,111
Fleming Regional Grant (AMR)	1,019,090	-
HPV Vaccine Single Dose Impact Study	971,829	1,875,535
TUNDRA (Real-time AMR surveillance in Asia)	544,591	314,752
THECA Studies (Typhoid Epidemiology in Africa)	476,763	1,511
Multi projects funded by KCDC	458,830	442,534
Accelerating Development of GAS vaccine	412,198	-
MOCA (Cholera vaccination and in Mozambique)	396,096	1,361,268
MERS-CoV vaccine candidate and evaluation system	390,616	983,807
Optimization and preclinical development of TB	365,329	436,882
CSIMA (Cholera Surveillance in Malawi)	347,098	352,759
Dengue National Regulatory Authority meeting support	339,770	75,942
NIH dengue vaccine DB	317,010	373,390
Rapid test kit and ELISA for viral hemorrhagic fevers	278,676	281,447
Vaccinology Course	234,368	212,513
Dengue General Support	227,721	231,473
AVANTI (Alliance for Vacc Access, New Tech & Inno)	216,753	-
IPDP for SchistoShield® Vaccine	185,683	-
Support for EuB to Acquire WHO CTC Label for OCVs	171,649	186,897
Neutralizing antibodies against hemorrhagic fever	160,149	159,587
Development of Zika vaccine using VSV/AdenoChimp	159,181	158,782
Development of HAV/HBV combination vaccine	158,400	256,019
US-Japan Cholera Conference	155,810	94,922
TSAP CID (Clinical Infectious Diseases) Publication	149,501	6,614
SIDA – multi research projects support	147,471	109,146
MERS_CoV convalescent sera for standard assays	140,541	-
Vi-DT clinical development support for PT BioFarma	138,091	381,610
VASA (Vaccine Against Schistosomiasis for Africa)	124,774	-

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(In U.S. Dollars)	2019	2018
Immunologic assay development for typhoid vaccine	124,117	129,164
Development of Microneedle HB Vaccine Formulation	114,347	106,441
Dengue neutralization testing	112,190	156,145
Development of vaccine candidate for adenovirus 55	112,108	-
Extended analyses of datasets of cholera & typhoid	110,600	99,373
Cholera Vaccines Standards and reagents	110,042	-
Additional Technical Support to Incepta Cholvax	-	616,380
Capacity Building: Realignment and Transformation	-	865,513
Others	1,100,014	1,821,590
Sub total	20,109,021	22,604,336
Net assets at the end of the year	\$ 10,786,471	\$ 11,330,020

10. Accounts payable - Other

Accounts payable as of December 31, 2019, 2018 and 2017 consists of the following:

(In U.S. Dollars)	2019	2018	2017
Accounts payable – vendors	\$ 1,369,432	\$ 797,268	\$ 684,728
Accounts payable – employee	134,748	91,984	86,715
Accounts payable – others	33,183	17,653	19,486
	\$ 1,537,363	\$ 906,905	\$ 790,929

11. Other Income

Other income for the years ended December 31, 2019 consists of the following:

(In U.S. Dollars)	Without Donor Restrictions	With Donor Restrictions
Lease revenue	\$ 330,949	\$ -
Gain on disposal of P&E	-	-
Miscellaneous	48,256	214
	\$ 379,205	\$ 214

Other income for the years ended December 31, 2018 consist of the following:

(In U.S. Dollars)	Without Donor Restrictions	With Donor Restrictions
Lease revenue	\$ 316,108	\$ -
Gain on disposal of P&E	457	-
Miscellaneous	27,671	-
	\$ 344,236	\$ -

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12. Other Costs

Other costs for the years ended December 31, 2019 and 2018 consists of the following:

(In U.S. Dollars)	2019	2018
Internal meeting	\$ 147,949	\$ 88,100
Public Relations	44,321	16,618
Fundraising expenses	2,046	532
Membership dues	11,174	6,812
Bank charges	9,037	6,620
Gift/Appreciation	4,882	7,860
Others	131,655	6,241
	\$ 351,064	\$ 132,783

13. Liquidity

Financial assets which have remaining maturities within a year as of December 31, 2019, 2018, and 2017 consist of the following:

(In U.S. Dollars)	2019	2018	2017
Cash and cash equivalents	\$ 11,052,691	\$ 4,154,291	\$ 3,389,308
Bank deposits	8,427,366	14,352,428	15,696,083
Contributions receivable	5,572,781	6,946,173	5,978,011
	\$ 25,052,838	\$ 25,452,892	\$ 25,063,402

As part of the liquidity management, the IVI structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the IVI invests cash in excess of operational requirements in short-term investments, bank time deposits. The IVI maintains undesignated funds within its net assets without donor restrictions which serve as operating reserve.

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14. Conversion to U.S. GAAP

IVI's financial statements for prior periods were prepared in accordance with the Consultative Group on International Agricultural Research ("CGIAR") Accounting Policies and Reporting Practices; however, its financial statements beginning on January 1, 2019, were prepared in accordance with the generally accepted accounting principles in the United States of America (U.S. GAAP). Therefore, the comparative financial statements for prior periods has been restated by applying retrospective approach based on ASC 250, 'Accounting Changes and Error Corrections' and the date of conversion is January 1, 2018.

(1) The effect of changes in accounting policies from previous GAAP to U.S. GAAP on financial positions and operating performance in relation to financial statements are as follows:

1) Classification of net assets

The amounts for each of two classes of net assets - with donor restrictions, without donor restriction are based on the existence or absence of donor-imposed restrictions.

2) Revenue recognition

- Conditional : Conditional promises to give shall be recognized when the condition or conditions on which they depend are substantially met.

- Unconditional : An unconditional promise to give shall be recognized when it is received. However, to be recognized there must be sufficient evidence in the form of verifiable documentation that a promise was made and received.

3) Other income recognition

Revenue from technology transfer should be recognized at a point in time (when the right to use the technology is transferred to the customer) as IVI grants a right to use intellectual properties as it exists. Annual royalty should be discounted at present value at the time of transfer.

4) Capitalization of program expenses.

Even properties and equipments are acquired and restricted for specific programs, the cost should be recorded as assets in full amounts and the depreciation expense should be recognized by applying the useful life of the asset for the program after recognizing it as an asset on acquisition.

5) Recognition of right to use building

The fair value of the use of property, utilities, or advertising time is recognized as intangible assets in the period received. Fair value is estimated by using billing rates normally charged to other customers under similar circumstances. It is recognized upon US GAAP adoption, acquisition value is \$19,752,479 and amortizing \$359,136 every year for 55 years.

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(2) The adjustments on financial statement due to U.S. GAAP conversion.

1) The adjustments on financial position as of January 1, 2018, the date of U.S GAAP conversion, are as follows.

(In U.S. Dollars)	<u>Total assets</u>	<u>Total liabilities</u>	<u>Total net assets with donor restrictions</u>	<u>Total net assets without donor restrictions</u>
Under CGIAR	\$ 20,916,339	\$ (14,043,688)	\$ -	\$ 6,872,651
Adjustments:				
Revenue recognition (unconditional)	5,891,882	-	-	5,891,882
Revenue recognition (conditional)	(72,290)	11,557,615	11,287,942	197,383
Present value discount of contribution receivable	828,644	885,196	-	1,713,840
Other income recognition – Tech transfer	114,973	-	-	114,973
Property, plant, and equipment(Capitalization)	388,670	-	388,670	-
Recognition of building right to use	14,455,223	-	-	14,455,223
Foreign currency translation	170,817	(7,142)	-	163,675
Under U.S. GAAP	<u>\$ 42,694,258</u>	<u>\$ (1,608,019)</u>	<u>\$ 11,676,612</u>	<u>\$ 29,409,627</u>

2) The adjustments on operating performance during 2018 are as follows.

(In U.S. Dollars)	<u>Revenue</u>		<u>Expense</u>	
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>
Under CGIAR	\$ -	\$ 30,267,343	\$ -	\$ 28,729,209
Adjustments:				
Revenue recognition (unconditional)	-	(682,454)	-	162,432
Revenue recognition (conditional)	(257,497)	7,174	-	33,512
Present value discount of contribution receivable	-	(381,837)	-	680
Other income recognition – Tech transfer	-	(5,851)	-	-
Property, plant, and equipment(Capitalization)	(89,095)	89,095	-	89,095
Recognition of building right to use	-	-	-	359,136
Foreign currency translation	-	250,770	-	415,918
Under U.S. GAAP	<u>\$ (346,592)</u>	<u>\$ 29,544,240</u>	<u>\$ -</u>	<u>\$ 29,789,982</u>