

REPORT OF THE AUDITOR TO THE GOVERNING COUNCIL

7TH IAS CONFERENCE ON HIV PATHOGENESIS, TREATMENT AND PREVENTION

Kuala Lumpur, Malaysia, 30 June - 03 July 2013

As auditor, we have been engaged to audit the accompanying statement of income and expenditures of the 7th IAS Conference on HIV Pathogenesis, Treatment and Prevention held in Kuala Lumpur on 30 June - 03 July 2013, 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 7th IAS Conference on HIV Pathogenesis, Treatment and Prevention held in Kuala Lumpur on 30 June - 03 July 2013, 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 2013.

KPMG SA



Pierre Henri Pingeon
Licensed Audit Expert
Auditor in Charge



Henri Mwaniki

Geneva, 3 June 2014

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

7TH IAS CONFERENCE ON HIV PATHOGENESIS, TREATMENT AND PREVENTION

Kuala Lumpur, Malaysia, 30 June - 03 July 2013

FINAL STATEMENT OF INCOME & EXPENDITURES (Figures are stated in US\$)

NOTES		APPROVED BUDGET	ACTUALS
	INCOME		
2	Sponsors and Donors	2,627,750	2,608,314
	Commercial Sponsorship	764,000	775,747
3	Registration Fees	1,831,000	1,903,821
4	Other Revenues	80,000	81,048
	TOTAL INCOME	5,302,750	5,368,930
	EXPENDITURES		
5	Logistics	1,137,600	1,128,172
	Commercial Sponsorship	133,000	132,820
6	Scholarships	319,500	315,093
	Programme	536,000	530,891
	Audio Visual	210,000	200,333
7	IAS Conference Secretariat	1,312,000	1,397,078
	IT	507,000	474,481
	Communications	450,500	448,088
	Evaluation + Quality Assessment	23,000	13,430
	Fundraising	238,000	261,219
8	Revolving Fund	0	0
9	Governance	94,000	88,156
	Audit / Finance	213,000	230,729
10	Various Financial Costs	253,000	168,128
11	Start-Up Costs	74,000	73,400
	Other Local Costs	156,000	161,533
	TOTAL EXPENDITURES	5,656,600	5,623,551
	SUBTOTAL SURPLUS / (DEFICIT)	-353,850	-254,621

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, 2014.

The "approved budget" figures in the left column reflects the last budget accepted by the IAS Governing Council on December 6, 2013.

2. Sponsorship

Sponsorship includes all sponsors and donors. Major sponsors for IAS 2013 included:

Donors

- ANRS, the French National Agency for Research on AIDS and Viral Hepatitis
- Kuala Lumpur Mayor
- Malaysia Convention Exhibition Bureau
- U. S. National Institutes of Health – National Institute of Allergy and Infectious Diseases (NIAID)
- World Health Organization (WHO)

Major Industry Sponsors

- AbbVie
- Bristol-Myers Squibb
- Gilead
- Merck
- ViiV Healthcare

Corporate Sponsors

- Chevron
- Emcure Pharmaceuticals
- Daktari Diagnostics
- Mylan Laboratories Limited

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 3,164 (Rome: 5,379) less the voluntary delegate contributions mentioned hereunder:

Paid Rewgistration:	Kuala Lumpur	Rome
Fully paying registrations:		
- OECD country delegates	1,547	3,253
- Non-OECD country delegates	1,301	2,848
Students	230	404
Exhibitors	19	26
Accompanying persons and children	67	160
Total fully paying registrations:	3,164	5,379
Non-paid registrations:		
Media	184	337
Free registrations (including scholarship recipients, volunteers and staff)	1,819	2,264
Voluntary delegate contributions to:	- Membership "IAS"	169,950

4. Other revenues

Other sources of revenue include hotel commission.

5. Logistics

The main expenditures incurred for the Logistics are as follows:

	\$ 1,128,172
Facilities (rent, signage, security and set up of venue)	576,114
On Site and Logistic Personnel (staff, hostesses and volunteers)	294,763
Fees to PCO (Congrex, CH) for:	
<i>project management, registration and exhibition handling</i>	153,069
Printed material (Invitation, Final Prog., Abstract Book, etc)	43,945
Bags and Badges	16,188
Travel, logistic staff	36,850
Refreshment, technical, postage, etc	7,243

6. Scholarships

These figures include scholarships recipients and speakers as per the main details bringing 118 delegates and 61 speakers to conference mainly from developing countries:

	\$315,093
Travel	123,638
Accommodation & per diem	30,435
Registration fees	51,990
Handling	100,523
Other	8,507

7. IAS Conference Secretariat (Geneva)

	\$1,397,078
Staff	800,646
Office costs	385,139
Travel	191,034
Legal services	8,047
Consulting fees	12,212

8. Revolving Fund

\$ -

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. IAS 2015 realized a loss of US\$254,621, therefore no money was allocated to the reserve.

9. Governance

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

10. Various Financial Costs

The various financial costs include:	\$168,128
Foreign exchange (Gain) / Loss	887
Bank & credit cards fees	39,343
VAT & tax	64,908
Insurances	55,925
Carbon emission offset	7,065

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.

REPORT OF THE AUDITOR TO THE GOVERNING COUNCIL ON THE FINANCIAL STATEMENTS OF 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 2013.

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 2013 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



Henri Mwaniki

Geneva, 3 June 2014

Enclosure:

Summarized financial statements and notes.

The complete audited financial statements can be obtained from the Secretariat.

FINANCIAL REPORT 2013

BALANCE SHEET AS OF DECEMBER 31 (Figures are stated in US\$)

	NOTES	2013	2012
CURRENT ASSETS			
Cash & Cash Equivalents	4	8,677,020	12,236,350
Cash – Leadership		54,135	54,135
Accounts Receivable	5	753,445	763,857
Prepaid Expenses	6	9,953	21,674
		9,494,553	13,076,016
NON-CURRENT ASSETS			
Guarantee	7	-	102,228
Equipment		50,035	88,984
TOTAL ASSETS		9,544,588	13,267,228
CURRENT LIABILITIES			
Accounts Payable	8	467,939	780,497
Fund ANRS		17,736	14,935
Accrued Expenses	9	899,103	1,382,448
Deferred Income	10	1,345,072	777,706
NON-CURRENT LIABILITIES			
Provision	11	28,000	27,250
TOTAL LIABILITIES		2,757,849	2,982,836
FUNDS & RESERVES			
Restricted Funds			
Leadership Fund	12	54,135	54,135
Scholarship Reserve		487,037	484,161
IAS 2013		-	-479,429
AIDS 2014		-1,865,632	-203,094
IAS 2015/AIDS 2016		-168,095	-22,564
ILF		300,340	310,317
JIAS		72,873	89,540
CNIHR		33,099	44,219
NIDA		75,000	184,985
CIPHER		1,322,117	1,507,741
HIV CURE		-	244,047
SPS		-	8,192
TasP		-	41,358
IAC Revolving Fund	13	2,471,000	3,763,000
IAS Conference Institutional Memory & Admin RF	14	1,949,076	-
		4,730,950	6,026,608
Unrestricted & IAS Designated Funds			
IAS Conference Revolving Fund	15	728,303	1,479,000
General IAS Reserve for AIDS 2014	16	1,000,000	1,000,000
General IAS Reserve for AIDS 2012 Follow up	16	-	300,000
IAS 2011 Conference Surplus	17	-	103,577
AIDS 2012 Conference Surplus	17	146,489	292,977
General IAS Reserve	18	180,999	1,082,230
		2,055,790	4,257,784
TOTAL FUNDS & RESERVES		6,786,740	10,284,392
TOTAL LIABILITIES, FUNDS & RESERVES		9,544,588	13,267,228

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31

(Figures are stated in US\$)

		UNRESTRICTED		RESTRICTED		TOTAL	
	NOTES	2013	2012	2013	2012	2013	2012
FUND BALANCE AT JANUARY 1		4,257,784	2,781,803	6,026,608	641,947	10,284,392	3,423,750
Revenues							
Conferences Income		28,411	-	2,875,549	13,471,071	2,903,960	13,471,071
Membership dues	10	496,136	522,808	-	-	496,136	522,808
Sponsors		-	-	2,675,896	3,817,373	2,675,896	3,817,373
Donors		-	300,000	4,228,024	10,575,006	4,228,024	10,875,006
Project management fees		-	42,214	-	-	-	42,214
Others	19	544,617	116,209	178,499	882,441	723,116	998,650
TOTAL REVENUES		1,069,164	981,231	9,957,968	28,745,891	11,027,132	29,727,122
EXPENSES							
IAS Staff Salaries & Benefits		948,683	161,484	5,882,964	6,515,916	6,831,647	6,677,400
Legal fees		13,102	1,200	40,965	63,895	54,067	65,095
Consulting & Audit fees		328,982	181,886	1,501,178	6,162,996	1,830,160	6,344,882
Office Expenses		67,296	35,174	767,933	1,254,734	835,229	1,289,908
Travel Expenses		226,662	76,327	1,799,956	3,593,471	2,026,618	3,669,798
Governance Retreat, Strategic and Expenditure		182,962	168,617	61,156	132,466	244,118	301,083
Direct Expenses	20	-	18,536	1,238,181	2,987,199	1,238,181	3,005,735
Other Expenses		25,208	208,799	111,357	332,608	136,565	541,407
Subgrant		3,000	-	1,198,095	435,750	1,201,095	435,750
Amortization of Capital Expenses		6,056	8,055	54,513	72,498	60,569	80,553
Exchange Loss / -Gain		-16,476	-21,142	83,012	123,011	66,536	101,869
TOTAL EXPENSES		1,785,475	838,936	12,739,310	21,674,544	14,524,785	22,513,480
GROSS SURPLUS (-DEFICIT)		-716,311	142,295	-2,781,342	7,071,347	-3,497,653	7,213,642
Transfer to Unrestricted & Designated Funds		-443,987	-143,291	443,987	143,291	-	-
- Revolving Fund		-311,697	-	311,697	-	-	-
- Correction prior year		-	-116,000	-	-237,000	-	-353,000
- AIDS 2014 Reserves		-	1,000,000	-	-1,000,000	-	-
-AIDS 2012 Follow up		-130,000	300,000	130,000	-300,000	-	-
- Conference Surplus		-	292,977	-	-292,977	-	-
- Funds Transfer		-600,000	-	600,000	-	-	-
RESULT AFTER TRANSFERS		-2,201,995	1,475,981	-1,295,658	5,384,661	-3,497,653	6,860,642
FUND BALANCE AT DECEMBER 31		2,055,790	4,257,784	4,730,950	6,026,608	6,786,740	10,284,392

NOTES TO THE FINANCIAL STATEMENTS

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 fifty staff members (2012: 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.

3. Correction of prior year

In the 2011 financial statements the total VAT expense was understated. The impact of this correction was recorded in 2012 as a reduction of the IAC Revolving Fund of US\$237,000, a reduction of the IAS Conference Revolving Fund of \$116,000 and \$150,000 taken from the unrestricted P&L. Final results of a 2007-2011 VAT audit by the Swiss Federal Tax authorities enabled to release US\$ 229,000 and to reallocate it to related reserves (see notes 13. / 15. / 18.)

4. Cash and Cash equivalents

		2013	2012
	US\$	8,677,020	12,236,350
Petty Cash	US\$	10,867	11,276
Bank accounts - current accounts	US\$	3,562,976	9,366,674
deposits	US\$	5,103,177	2,858,400

5. Accounts Receivable

	US\$	753,445	763,857
Conference:			
Various Sponsors & Donors	US \$	306,702	689,167
Programmes:			
Various Sponsors & Donors	US\$	351,073	-
Swiss VAT	US\$	34,643	30,615
Withholding tax	US\$	1,985	1,070
Other	US\$	59,042	43,005

6. Prepaid Expenses

	US\$	9,953	21,674
Other Prepaid	US\$	9,953	21,674

7. Guarantee

The guarantee was representing a deposit surety for the office rental blocked for S.I. Quadrilatère, now released.

8. Accounts Payable

	US\$	467,939	780,497
Payable - Partnerships	US\$	-	200,000
Payable - KL	US\$	46,322	-
Payable - DC	US\$	6,425	315,777
Payable - Rome	US\$	5,364	18,873
Payable - Vienna	US\$	-	12,937
Other various payable	US\$	409,828	232,911

9. Accrued Expenses

	US\$	899,103	1,382,448
CH VAT	US\$	73,587	654,429
AU VAT	US\$	121,314	-
US VAT	US\$	23,022	23,022
Social Expenses	US\$	482,243	445,189
Accrued Conferences expenses	US\$	166,957	207,508
Other accrued expenses	US\$	31,980	52,300

10. Deferred Income

Current Deferred Income includes membership income US\$485,777 (2012: 777,706), the Tides Fondation (US\$ 44,295) and ViiV Healthcare (US\$ 815,000) received for the next years

	US\$	1,345,072	777,706
<i>Detail for deferred membership income</i>			
Deferred income beginning period	US\$	777,706	529,190
Income received during the year	US\$	1,063,502	771,324
Income deferred to future periods	US\$	(1,345,072)	(777,706)
Recognized as revenue during the year	US\$	496,136	522,808

11. Provision

Provision for office restoration at end of lease term	US\$	2013 28,000	2012 27,250
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12. 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\$1,865,632 (AIDS 2014) and US\$168,095 (Conferences 2015-2016) reflects expenditures that have yet to be covered by the income from the future conferences. The AIDS 2014 budget currently shows a deficit of \$280,000 (approved by the EC in March 2014), which is acceptable at this point. Note that the budget is including a revolving fund of USD 1,000,000 that will be reduced to balance the budget if the deficit can not be filled in some other way.

13. IAC Revolving Fund

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.

	US\$	2,471,000	3,763,000
Revolving Fund after AIDS2012			4,000,000
Release 2013 / Reduction 2012 (see note 3)		108,000	(237,000)
Transfer to IAS Conference Institut'l			
Memory Revolving Fund (note 14)		(1,400,000)	-

14. IAS Conference Institutional Memory and Administration Revolving Fund

In June 2013, the IAS governing Council has decided to create a third fund (target US\$2M) to support the Secretariat that will jointly serve the two conferences in the event of a cancelled or postponed or one with a reduced number of paid registrations.

	US\$	1,949,076	-
Transfer from IAC Revolving Fund		1,400,000	-
Transfer from IAS Conference Revolving Fund		600,000	-
IAS 2015 Conference Deficit		(50,924)	-

15. IAS Conference Revolving Fund

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.

	US\$	728,303	1,479,000
Revolving Fund after IAS2011			1,595,000
Release 2013 / Reduction 2012 (see note 3)		53,000	(116,000)
Transfer to IAS Conference Institut'l			
Memory Revolving Fund (note 14)		(600,000)	-
IAS 2015 Conference Deficit		(203,697)	-

16. General IAS Reserve for future Conferences & AIDS2012 Follow up

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

	US\$	2013 1,000,000	2012 1,300,000
AIDS 2014 Support to Global Village, International Scholarship Fund	US\$	200,000	200,000
AIDS 2014 Support to maintain lower fee level for I&mi countries	US\$	300,000	300,000
AIDS 2014 Revolving Fund	US\$	500,000	500,000
AIDS2012 follow up by IAS in 2013	US\$	-	200,000
AIDS Pioneers project	US\$	-	100,000

17. Conferences Surplus

	US\$	146,489	396,554
The IAS2011 Conference Surplus supported the Core expenses in 2012 & 2013		-	103,577
The AIDS2012 Conference Surplus supports the Core expenses over the next 2 years		146,489	292,977

18. General Reserve

	US\$	180,999	1,082,230
Balance at the end of 2011			1,079,648
IAS Core activities Surplus / (Deficit)	US\$	(1,042,381)	2,582
VAT release (note 3.)	US\$	68,000	-
AIDS Pioneers Project Balance (see note 16.)	US\$	73,150	-

19. Revenues – IAS others

	US\$	544,617	116,209
Interest on deposits and current banks accounts	US\$	10,122	9,941
Other	US\$	534,495	106,268

20. Direct expenses

	US\$	1,238,181	3,005,735
Logistics & Exhibition (rental of venues, signage, build up...)	US\$	690,010	1,106,642
Scholarships (registrations, per diem...)	US\$	51,990	444,645
Local office expenses (Melbourne staff, office costs...)	US\$	69,612	473,826
Programme & Programme activities (meeting costs, Melbourne staff)	US\$	62,941	438,839
Conference secretariat	US\$	30,447	13,204
I/T operations	US\$	1,077	310
Communications (Media Center, printing...)	US\$	36,269	117,907
Audio Visual	US\$	151,912	12,500
Various financial costs	US\$	62,021	7,130
Start up & Other costs	US\$	81,902	390,731

21. Credit Agreement

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).