

*TAIT, WELLER & BAKER*  
*Certified Public Accountants*

**THE GLOBAL BUSINESS COALITION  
ON HIV/AIDS**

*FINANCIAL STATEMENTS  
AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

**JUNE 30, 2003**

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

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*Certified Public Accountants*

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Board of Directors**  
**The Global Business Coalition on HIV/AIDS**  
**New York, New York**

We have audited the accompanying statement of financial position of The Global Business Coalition on HIV/AIDS as of June 30, 2003 and 2002, and the related statements of activities and changes in net assets and cash flows for the year ended June 30, 2003 and the period September 10, 2001 (Commencement of Operations) to June 30, 2002. These financial statements are the responsibility of The Global Business Coalition on HIV/AIDS' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Global Business Coalition on HIV/AIDS as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the year ended June 30, 2003 and the period September 10, 2001 (Commencement of Operations) to June 30, 2002 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming the above opinion on the basic financial statements as of and for the periods ended June 30, 2003 and 2002, taken as a whole. The accompanying supplemental information for functional expenses, on page 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Tait, Weller & Baker*

**New York, New York**  
**September 11, 2003**

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## STATEMENT OF FINANCIAL POSITION

June 30, 2003 and 2002

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	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash	\$ 1,196,862	\$ 765,710
Contributions receivable ( <i>Note 3</i> )	849,372	805,225
Other receivables	<u>9,944</u>	<u>3,200</u>
<b>Total assets</b>	<b><u>\$ 2,056,178</u></b>	<b><u>\$ 1,574,135</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	<u>\$ 50,266</u>	<u>\$ 274,625</u>
<b>NET ASSETS</b>		
Unrestricted	<u>2,005,912</u>	<u>1,299,510</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,056,178</u></b>	<b><u>\$ 1,574,135</u></b>

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2003 and the period September 10, 2001  
(Commencement of Operations) to June 30, 2002

	<u>2003</u>	<u>2002</u>
<b>REVENUE AND SUPPORT</b>		
Membership Dues	\$ 1,463,500	\$ 570,000
Contributions – Foundations	-	749,975
Contributions – United Nations	-	189,982
Contributions – Other	25,000	51,500
Contributions-In-Kind ( <i>Note 4</i> )	141,019	82,581
Special Events (net of direct costs of \$240,433 in 2003 and \$328,403 in 2002)	534,817	321,628
Interest and other income	<u>3,650</u>	<u>-</u>
<b>Total revenue and support</b>	<u>2,167,986</u>	<u>1,965,666</u>
<b>EXPENSES</b>		
Program Services		
Workplace	192,044	105,132
Policy Development	123,804	25,550
Advocacy and Leadership	506,821	218,565
International Collaboration	71,222	162,581
Supporting National Business Response	<u>50,885</u>	<u>-</u>
<b>Total program expenses</b>	<u>944,776</u>	<u>511,828</u>
Support Services		
Administrative and General	184,322	154,328
Membership Outreach	<u>332,486</u>	<u>-</u>
<b>Total supporting services</b>	<u>516,808</u>	<u>154,328</u>
<b>Total expenses</b>	<u>1,461,584</u>	<u>666,156</u>
<b>CHANGES IN NET ASSETS</b>	706,402	1,299,510
<b>NET ASSETS</b>		
Beginning of period	<u>1,299,510</u>	<u>-</u>
<b>End of period</b>	<u>\$ 2,005,912</u>	<u>\$ 1,299,510</u>

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2003 and the period September 10, 2001  
(Commencement of Operations) to June 30, 2002

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	<u>2003</u>	<u>2002</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 706,402	\$ 1,299,510
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Increase in		
Contributions receivable	(44,147)	(805,225)
Other receivables	(6,744)	(3,200)
Increase (decrease) in accounts payable and other liabilities	<u>(224,359)</u>	<u>274,625</u>
<b>Increase in cash and cash equivalents</b>	431,152	765,710
<i>Cash and cash equivalents</i>		
Beginning of period	<u>765,710</u>	<u>-</u>
End of period	<u>\$ 1,196,862</u>	<u>\$ 765,710</u>

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## NOTES TO FINANCIAL STATEMENTS

June 30, 2003

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### (1) ORGANIZATION

The mission of the Global Business Coalition on HIV/AIDS ("**GBC**") is to increase significantly the response to the global AIDS epidemic by the business sector. The GBC is a not-for-profit organization for purposes which are exclusively educational and charitable within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. The GBC accomplishes these purposes through the education of the public including corporations and through the dissemination of information about HIV/AIDS and its impact on affected persons, their families and local communities. In addition, the GBC conducts programs to provide a forum for the exchange of information regarding the impact of HIV/AIDS on the global community and the methods of the global response. Through its educational literature and programs, the GBC hopes to raise awareness and promote corporate social responsibility regarding HIV/AIDS.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***BASIS OF ACCOUNTING***

The accompanying financial statements of GBC have been prepared on the accrual basis of accounting.

#### ***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***CONCENTRATION OF CREDIT RISK***

GBC maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk, requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

#### ***MEMBERSHIP DUES***

GBC records as revenue membership dues on the commencement date of membership for new members and on the anniversary date for renewals. Since membership dues are used to support GBC and provide benefits to the global community, all income received from membership dues is recorded as support and revenue rather than recognizing any membership benefit as membership dues income.

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2003

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### CONTRIBUTIONS

To ensure observation of limitations and restrictions placed on the use of resources available to GBC, its accounts are maintained in accordance with accounting principles generally accepted in the United States of America. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Unrestricted amounts are those currently available at the discretion of the Board for use in GBC's operations. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

GBC's policy is to report donor-imposed restrictions as unrestricted support when these restrictions are met in the same year that the contributions are received.

### NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GBC are classified and reported as follows:

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of GBC.

*Temporarily Restricted* – Net assets that are subject to donor-imposed stipulations. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported as "*net assets released from restrictions.*" However, if a restriction is fulfilled in the same time period in which the contribution is received, GBC reports the support as unrestricted.

### TAX EXEMPT STATUS

As of August 14, 2001, GBC was granted temporary tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Because the organization is newly created, the final determination will not be made until the end of the advance ruling period, June 30, 2006.

### (3) CONTRIBUTIONS RECEIVABLE

At June 30, 2003 and 2002, contributions receivable represent unconditional promises to give and membership dues as follows:

	<u>2003</u>	<u>2002</u>
Membership Dues	\$ 720,622	\$ 255,000
Grant – United Nations	-	290,000
Special Event (Spring Gala)	103,750	260,225
Other	<u>25,000</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 849,372</u></b>	<b><u>\$ 805,225</u></b>

All of these contributions receivable are expected to be received within one year.



# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2003

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### (4) CONTRIBUTIONS IN-KIND

Services provided by the executive director, legal counsel and office space are donated to GBC. These contributions in-kind are recorded at their estimated fair value and consist of the following for the years ended June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Salary	\$ 90,000	\$ -
Legal services	12,939	54,751
Office space	<u>38,080</u>	<u>27,830</u>
	<u>\$141,019</u>	<u>\$82,581</u>

The Executive Director of GBC was secunded from and paid by UNAIDS, the joint United Nations Program on AIDS. This salary expense was not included in the accompanying financial statements for the year ended June 30, 2002.

### (5) RETIREMENT PLAN

In February 2003, GBC officially adopted a qualified defined contribution plan (403(b) plan) covering substantially all employees who meet certain age or service requirements. The Plan provides for annual discretionary contributions by GBC which amounted to 8% of eligible employees' compensation for 2003. It is GBC's policy to fund currently the amount accrued for plan expense which was \$17,081 for the year ended June 30, 2003.

**SUPPLEMENTAL INFORMATION**

# THE GLOBAL BUSINESS COALITION ON HIV/AIDS

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2003 With Summarized Information For 2002

	PROGRAM EXPENSES					SUPPORTING SERVICES				
	Workplace Development	Policy Development	Advocacy And Leadership	International Collaboration	Supporting National Business Response	Administrative And General	Membership Outreach	Total Supporting Services	2003 Total Expenses	2002 Total Expenses
Salaries	\$ 83,146	\$ 34,485	\$116,447	\$30,923	\$12,004	\$ 47,464	\$ 58,265	\$105,729	\$ 382,734	\$ 124,434
Employee Benefits and Payroll Taxes	<u>14,285</u>	<u>6,817</u>	<u>16,937</u>	<u>4,301</u>	<u>2,682</u>	<u>10,496</u>	<u>15,069</u>	<u>25,565</u>	<u>70,587</u>	<u>26,440</u>
Total										
Personnel Costs	97,431	41,302	133,384	35,224	14,686	57,960	73,334	131,294	453,321	150,874
Travel and Meetings	11,097	54,359	35,845	14,533	34,274	-	31,768	31,768	181,876	75,373
Rent Expense	7,944	4,517	9,103	4,051	1,573	6,207	4,685	10,892	38,080	27,830
Telecommunications	-	-	272	1,577	16	53,166	544	53,710	55,575	20,642
Office Supplies and Expense	-	47	4,689	411	160	14,904	4,297	19,201	24,508	5,064
Printing and Publications	28,767	-	254,508	4,632	-	19,415	189,694	209,109	497,016	115,750
Information Technology Costs	38,000	1,079	25,164	-	-	1,174	-	1,174	65,417	39,496
Consultants	7,405	-	35,321	2,496	157	1,732	26,761	28,493	73,872	45,020
Professional Fees	1,400	-	-	-	-	29,764	-	29,764	31,164	61,501
Research Expense	-	22,500	-	-	-	-	-	-	22,500	-
Other Expense	-	-	8,535	8,298	19	-	1,403	1,403	18,255	24,606
Contributions/Grants	-	-	-	-	-	-	-	-	-	100,000
	<u>\$192,044</u>	<u>\$123,804</u>	<u>\$506,821</u>	<u>\$71,222</u>	<u>\$50,885</u>	<u>\$184,322</u>	<u>\$332,486</u>	<u>\$516,808</u>	<u>\$1,461,584</u>	<u>\$,666,156</u>