



GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2010 AND 2009

**GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
of Global Business Coalition on HIV/AIDS,
Tuberculosis and Malaria

We have audited the accompanying statements of financial position of Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, Inc. ("GBC") as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of GBC's management. Our responsibility is to express an opinion on these 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 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 GBC Business Coalition on HIV/AIDS, Tuberculosis and Malaria as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Marko Paneth & Shron LLP

New York, NY
August 4, 2011

GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Cash and cash equivalents (Note 2C)	\$ 683,015	\$ 1,020,577
Membership dues receivable, net (Notes 2I and 4)	358,813	501,800
Contributions and grants receivable (Notes 2H and 5)	932,124	1,234,666
Prepaid expenses and other assets	147,392	129,908
Investments (Notes 2D, 2E, 3 and 13)	777,300	604,200
Security deposits	180,032	178,425
Property and equipment, net (Notes 2F, 6, 8 and 11)	177,256	292,055
TOTAL ASSETS	\$ 3,255,932	\$ 3,961,631
LIABILITIES		
Accounts payable and accrued expenses	\$ 109,321	\$ 156,082
Accrued payroll and vacation	212,683	183,229
Deferred rent (Notes 2N and 12)	32,469	-
Deferred revenue and refundable advances (Note 2K)	154,422	66,494
TOTAL LIABILITIES	508,895	405,805
COMMITMENTS (Note 12)		
NET ASSETS (Note 2B)		
Unrestricted	1,134,540	2,112,606
Temporarily restricted (Note 10)	1,612,497	1,443,229
TOTAL NET ASSETS	2,747,037	3,555,826
TOTAL LIABILITIES AND NET ASSETS	\$ 3,255,932	\$ 3,961,631

**GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Year Ended December 31, 2010		Year Ended December 31, 2009	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions and grants (Notes 2I and 11)	\$ 2,858,079	\$ 240,544	\$ 3,098,623	\$ 4,541,135
Membership dues (Note 2I)	1,611,668	980,832	2,592,500	2,927,000
Special event revenue, net (Note 2M)	1,248,946	-	1,248,946	1,263,502
Donated goods and services (Notes 2J and 8)	283,728	-	283,728	334,183
Investment activity, net (Notes 2E and 3)	34,526	-	34,526	42,935
Other income	118,464	-	118,464	55,589
Net assets released from restrictions (Notes 2B and 10)	1,052,099	(1,052,099)	-	(531,027)
Total support and revenue	7,207,510	169,277	7,376,787	9,164,344
EXPENSES				
Program services (Note 11)	6,533,560	-	6,533,560	7,026,664
Supporting services	909,494	-	909,494	1,348,232
Management and general Fundraising	742,522	-	742,522	703,289
Total supporting services	1,652,016	-	1,652,016	2,051,521
Total Expenses	8,185,576	-	8,185,576	9,078,185
CHANGE IN NET ASSETS	(978,066)	169,277	(808,789)	86,159
Net Assets - beginning of year	2,112,606	1,443,220	3,555,826	3,469,667
NET ASSETS - END OF YEAR	\$ 1,134,540	\$ 1,612,497	\$ 2,747,037	\$ 3,555,826

GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Consolidated Totals for 2009)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total 2009</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Supporting Services</u>	
Salaries	\$ 3,378,918	\$ 432,362	\$ 378,162	\$ 810,524	\$ 4,123,304
Payroll taxes and employee benefits (Note 7)	<u>636,199</u>	<u>86,455</u>	<u>21,500</u>	<u>107,955</u>	<u>869,276</u>
Total Salaries and Related Costs	4,015,117	518,817	399,662	918,479	4,992,580
Occupancy (Notes 8 and 12)	529,426	73,577	51,449	125,026	733,204
Professional services (Notes 8 and 9)	743,404	141,185	98,349	239,534	1,532,422
Travel and lodging (Notes 8 and 9)	321,162	74,715	18,667	93,382	526,513
Office supplies and other (Note 9)	116,632	13,040	7,628	20,668	147,262
Insurance	41,103	8,031	6,166	14,197	54,546
Communications (Note 9)	167,071	16,579	10,150	26,729	225,148
Printing and publications (Note 9)	54,543	1,126	7,585	8,711	172,030
Awards and grants	21,119	-	-	-	21,119
Staff training	4,764	2,540	-	2,540	24,433
Conferences and events (Note 9)	228,728	4,422	133,255	137,677	7,304
Bad debt	-	36,187	-	36,187	366,405
Miscellaneous	31,869	10,169	2,620	12,789	36,187
Depreciation and amortization	138,622	9,106	6,991	16,097	44,658
In-kind software licenses (Note 8)	<u>120,000</u>	-	-	-	154,719
TOTAL EXPENSES	<u>\$ 6,533,560</u>	<u>\$ 909,494</u>	<u>\$ 742,522</u>	<u>\$ 1,652,016</u>	<u>\$ 8,185,576</u>
					<u>\$ 9,078,185</u>

The accompanying notes are an integral part of these financial statements.

GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services	Supporting Services			Total 2009
		Management and General	Fundraising	Supporting Services	
Salaries	\$ 3,202,416	\$ 652,046	\$ 268,842	\$ 920,888	\$ 4,123,304
Payroll taxes and employee benefits (Note 7)	653,273	189,006	26,997	216,003	869,276
Total Salaries and Related Costs	3,855,689	841,052	295,839	1,136,891	4,992,580
Occupancy (Notes 8 and 12)	593,641	99,367	40,196	139,563	733,204
Professional services (Notes 8 and 9)	1,163,852	216,689	151,881	368,570	1,532,422
Travel and lodging (Notes 8 and 9)	414,932	65,545	46,036	111,581	526,513
Office supplies and other (Note 9)	119,717	18,402	9,143	27,545	147,262
Insurance	37,659	11,903	4,984	16,887	54,546
Communications (Note 9)	193,255	21,290	10,603	31,893	225,148
Printing and publications (Note 9)	126,086	2,439	43,505	45,944	172,030
Awards and grants	24,433	-	-	-	24,433
Staff training	4,112	5,060	-	5,060	9,172
Conferences and events (Note 9)	254,179	1,458	92,918	94,376	348,555
Bad debt	-	32,500	-	32,500	32,500
Miscellaneous	20,379	11,527	1,203	12,730	33,109
Depreciation and amortization	97,530	21,000	6,981	27,981	125,511
In-kind software licenses (Note 8)	121,200	-	-	-	121,200
TOTAL EXPENSES	\$ 7,026,664	\$ 1,348,232	\$ 703,289	\$ 2,051,521	\$ 9,078,185

The accompanying notes are an integral part of these financial statements.

GLOBAL BUSINESS COALITION ON HIV/AIDS, TUBERCULOSIS AND MALARIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	\$ (808,789)	\$ 86,159
Adjustments to reconcile change in net assets to Net cash used by operating activities:		
Depreciation and amortization	154,719	125,511
Bad debt expense	36,187	32,500
Realized (gain)/loss on investments	(3,922)	46,933
Unrealized gain on investments	(4,581)	(52,884)
Subtotal	(626,386)	238,219
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Membership dues receivable	106,800	(159,300)
Contributions and grants receivable	302,542	(193,623)
Prepaid expenses and other assets	(17,484)	(9,533)
Security deposits	(1,607)	275,607
(Decrease) or increase in liabilities:		
Accounts payable and accrued expenses	(46,761)	(304,346)
Accrued payroll and vacation	29,454	4,843
Deferred rent	32,469	-
Deferred revenue and refundable advances	87,928	(4,421)
Net Cash Used by Operating Activities	(133,045)	(152,554)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(39,920)	(108,284)
Proceeds from sales of investments	301,390	436,220
Purchases of investments	(465,987)	(316,781)
Net Cash (Used) Provided by Investing Activities	(204,517)	11,155
NET DECREASE IN CASH AND CASH EQUIVALENTS	(337,562)	(141,399)
Cash and cash equivalents - beginning of year	1,020,577	1,161,976
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 683,015	\$ 1,020,577

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
TUBERCULOSIS AND MALARIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, Inc. ("GBC") is a not-for-profit corporation incorporated in the state of Delaware whose mission is to increase and significantly leverage the resources, expertise, influence and infrastructures of the business sector to address major global health challenges that impact their workforce and communities at large. GBC accomplishes its mission by supporting member companies through the following approaches: convening and connecting businesses, governments, multilaterals and civil society for the purpose of knowledge and idea sharing on global health; driving the creation of high-impact partnerships and collective actions; providing recognition and visibility to members for the global health work they support; championing best practices in business engagement on health; representing business in key global health settings; and providing advisory services and guidance to individual member companies, as needed.

GBC works with many of the most prestigious companies in key global industry segments. A small sample of the 200+ member companies includes mining/extractives (Anglo-American, RioTinto), oil/gas (Chevron, ExxonMobil), financial services (Goldman Sachs, HSBC), travel/tourism (American Express, Carlson, Virgin), IT (Dell, Siemens, Intel), communications (Edelman, Y&R, Burson-Marsteller), manufacturing/apparel (Levis, Heineken), pharma (Bayer, Pfizer), medical diagnostics (BD, Eli Lilly), entertainment (HBO, MTV) and consulting (Deloitte, FD). The organization enjoys quite strong relationships with the US Government, as well as with key officials and departments of other governments that have significant commitments to improving global health. In addition to working closely with many UN agencies, GBC serves as the focal point for the private sector delegation to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

GBC supports and/or leads many efforts under these approaches. In a typical year, GBC will participate in some or all of the following activities: Guide development of health-related corporate workplace policies; establish large-scale education, prevention, testing and counseling initiatives through the private sector in high-prevalence regions; identify and broker public-private partnerships between business and under-resourced governments and communities; foster private sector collaboration with the UN and its global development priorities; sponsor industry-focused dialogue and strategy sessions; research and publicize case studies and best practices; share status of public health issues in the global business community and stimulate dialogue through expert-driven event panels, teleconferences, and publications; conduct workshops and produce guidelines on behavioral challenges such as stigmatization; recruit for and coordinate collective-action initiatives for maximum impact; build local capacity by training business and NGO managers and peer educators; provide various global forums for thought leaders in business to interact and generate progressive ideas and solutions towards changing the course of these diseases.

GBC is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. GBC is supported primarily by membership dues and contributions.

GBC provides programs as described below:

Member Advisory Services and Coordination

The GBC staff work directly with member companies to help them realize their potential to help stem the spread of disease and to encourage healthy workforces and host communities for their business endeavors. They provide guidance to help members set priorities and facilitate countless connections to other companies, implementing partners, governments and multilateral institutions. Partnerships take the form of one-to-one joint ventures, collective action and cost-sharing. Partners come from both the corporate and non-corporate sectors. In addition, the GBC team works diligently to recruit more companies to the cause, researching strategic prospects and educating potential members about our work.

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
TUBERCULOSIS AND MALARIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

As part of its coordination role, GBC serves as the focal point for the private sector delegation (PSD) on the Global Fund to Fight AIDS, Tuberculosis and Malaria board of directors. In this role, GBC works to enable co-investments and facilitate other corporate engagement with funds recipients worldwide.

GBC's coordinating role with Corporate Alliance on Malaria in Africa (CAMA) provides the opportunity to coordinate private sector strategy and action on malaria in the most endemic regions by mobilizing and streamlining efforts across industry sectors and countries. GBC orchestrates knowledge sharing and collaborative projects, involving on-the-ground communities and governments to improve the impact of malaria control efforts in sub-Saharan Africa.

GBC's collective action initiatives create structured partnerships to focus on high-impact, life-saving opportunities. A team of businesses with targeted core competencies will support the scaling-up of the program, expanding capacity to make tremendous impact, and establishing a model that will play a critical role in ending the relevant disease and significantly improving overall health.

Web-based and Print Communications Vehicles

GBC's website, email communications, social media activity and printed materials are vital resources for member companies. The information shared through these avenues provides member companies with the tools and knowledge needed to take an active role in making a difference in global health. The information disseminated by GBC supports members in their efforts to understand and implement best practices. Throughout the year, GBC will release a deep cross-section of reference materials, including workplace policy frameworks, compelling case studies of company programs, implementation guides, and articles and papers on a diverse range of subjects, from roundtable reports to policy issues.

GBC's communications tools and products provide clear guidance for company action. We raise visibility through our newsletters, magazine, website, and special communications. We provide tools for members' internal communications, and we provide media relations for member companies and GBC overall.

Industry and Issue-Driven Workshops, Events and Teleconferences

GBC facilitates knowledge co-creation and joint planning through regional and global events, working groups, round-tables & teleconferences. Based on member need or current trends and challenges in global health, GBC staff organize agendas, content and facilitation of knowledge sharing with a focus on action and impact. These forums may include diverse constituents, including other NGOs, government and multilateral partners, who support discussion and concept development by lending their highly relevant perspectives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. GBC's financial statements have been prepared on the accrual basis of accounting. GBC adheres to accounting policies generally accepted in the United States of America.
- B. GBC maintains its net assets under the following two classes:
- Unrestricted Net Assets – resources that have not been restricted by the donor and that have no time restrictions. Such resources are available for support of GBC's operations.
 - Temporarily Restricted Net Assets – resources received with donor stipulations that limit the use of the donated assets or for which these are time restrictions placed on the resources. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets that have both been earned and have had their restrictions met in the current year are recorded as unrestricted net assets.

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
TUBERCULOSIS AND MALARIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C. GBC considers all highly liquid instruments purchased with maturities of 90 days or less to be cash and cash equivalents. GBC has cash accounts in the U.S., Kenya, Russia, South Africa and Switzerland. Cash accounts in foreign countries are not insured under Federal Deposit Insurance Corporation. The balances in the foreign bank accounts as of December 31, 2010 and 2009 are approximately \$34,000 and \$88,000, respectively.
- D. Investments are reported at fair value.
- E. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 13.
- F. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. GBC has established a \$1,000 threshold above which assets are capitalized. Purchases below \$1,000 are expensed at the time of acquisition. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.
- G. Functional expenses which are not specifically attributable to program services or supporting services are allocated based on estimates determined by management.
- H. Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unless material, GBC does not discount long-term contributions receivable. Conditional promises to give are not included as support until the conditions are substantially met.

As of December 31, 2010 and 2009, GBC determined that an allowance for doubtful accounts for contributions and grants receivable was not necessary. Such estimate is based on management's evaluation of the creditworthiness of its donors and grantors, the aged basis of its receivables, as well as current economic conditions and historical information.

- I. Membership dues are recognized as revenues in the period due and are recorded as increases in unrestricted net assets. Membership dues receivable are expected to be collected within one year and are recorded at their net realizable value. GBC uses the allowance method to determine uncollectible receivables. The allowance is based on historical experience and management's analysis of the current status of amounts receivable.

As of December 31, 2010 and 2009, GBC determined that an allowance of \$66,187 and \$60,000, respectively, should be provided for membership dues receivable. Such estimate is based on management's evaluation of the creditworthiness of its members, the aged basis of its receivables, as well as current economic conditions and historical information.

- J. Donated goods, services and use of facilities are recorded at their estimated fair value at the date of the donation. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by GBC.
- K. GBC receives cash in advance from grantors and in advance of special events that are to be held after the statement of financial position date. It is GBC's policy to refund all cash received in advance of special events for the exchange portion, if the event is subsequently cancelled. In addition, revenue from grants and contracts designated for use toward specific activities is recognized in the period when expenses have been incurred in compliance with the grantor's conditions. Cash received in excess of revenue recognized is recorded as refundable advances.

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- L. GBC uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred and are recorded as printing and publications expense. During the years ended December 31, 2010 and 2009, advertising costs totaled \$5,326 and \$1,975, respectively.
- M. GBC conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. For the years ended December 31, 2010 and 2009, GBC reported special events income of \$1,335,400 and \$1,366,700, and direct costs of benefits expense of \$86,454 and \$103,198, respectively. The direct costs of special events included expenses for the benefit of the donor. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to GBC.
- N. GBC has various operating leases for real property. For the years ended December 31, 2010, GBC has recorded an adjustment to rent expense to reflect the difference between the rent paid and the average rent to be paid over the term of the leases which amounted to \$32,469 and \$0, respectively, and recorded such amount as an increase in occupancy expense.
- O. 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 certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- P. GBC has no uncertain tax positions as of December 31, 2010 and 2009 in accordance with FASB Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. GBC is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before December 31, 2007.
- Q. Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through August 4, 2011, the date the financial statements were available to be issued. See Note 14.
- R. Effective January 1, 2010, GBC partially adopted Accounting Standards Update 2010-6 ("ASU 2010-6"), Fair Value Measurements and Disclosures (Topic 820), *Improving Disclosures About Fair Value Measurements*. ASU 2010-6 modified existing disclosures to require disclosures by asset or liability class when providing fair value measurement disclosures (see Note 13).

NOTE 3 – INVESTMENTS

Investments consist of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Government securities		
Mortgage backed securities	\$ 376,890	\$ 284,915
Treasury bills	249,350	151,132
Corporate bonds		
Finance and insurance companies	72,024	82,506
Other corporate bonds	<u>79,036</u>	<u>85,647</u>
	<u>\$ 777,300</u>	<u>\$ 604,200</u>

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
TUBERCULOSIS AND MALARIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 3 – INVESTMENTS (Continued)

Certain investments are subject to market volatility that could substantially change their carrying value in the near term.

Investment activity consists of the following for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 23,988	\$ 30,040
Interest on cash and cash equivalents	2,035	6,944
Realized gain/(loss) on investments	3,922	(46,933)
Unrealized gain on investments	<u>4,581</u>	<u>52,884</u>
	<u>\$ 34,526</u>	<u>\$ 42,935</u>

For the year ended December 31, 2010 and 2009, management fees amounted to \$4,334 and \$5,136 respectively, have been recorded in the statement of functional expenses as miscellaneous expense.

NOTE 4 – MEMBERSHIP DUES RECEIVABLE

Membership dues receivable consists of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Membership dues receivable	\$ 425,000	\$ 561,800
Allowance for uncollectible amounts	<u>(66,817)</u>	<u>(60,000)</u>
Membership dues receivable, net	<u>\$ 358,813</u>	<u>\$ 501,800</u>

NOTE 5 – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consists of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amounts due:		
Within one year	\$ 932,124	\$ 900,666
Within one to five years	<u>-</u>	<u>334,000</u>
Contributions and grants receivable	<u>\$ 932,124</u>	<u>\$ 1,234,666</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 254,076	\$ 254,076	2-4 years
Furniture and fixtures	227,974	227,974	5-7 years
Website design cost	67,295	67,295	5 years
Computer hardware and software	<u>319,419</u>	<u>444,394</u>	5 years
Total cost	868,764	993,739	
Less: accumulated depreciation and amortization	<u>(691,508)</u>	<u>(701,684)</u>	
Net book value	<u>\$ 177,256</u>	<u>\$ 292,055</u>	

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

GBC disposed of fully depreciated computer software of \$164,895 during the year ended December 31, 2010. During 2009 GBC disposed of fully-depreciated fixed assets of \$14,427 related to the Ukraine office. Depreciation and amortization expense amounted to \$154,719 and \$125,511 (includes accelerated depreciation of \$4,328 related to the Ukraine office) for the years ended December 31, 2010 and 2009, respectively.

NOTE 7 – RETIREMENT PLANS

GBC has a 403(b) Retirement Plan (the "Plan") for eligible employees. Employees may contribute a percentage of their pay to the Plan up to the maximum percentage specified in the deferral agreement. GBC may make a discretionary contribution for any particular year that will vary year to year on behalf of eligible participants. Contributions by GBC for the years ended December 31, 2010 and 2009 amounted to \$0 and \$196,850, respectively.

NOTE 8 – DONATED GOODS AND SERVICES AND USE OF FACILITIES

GBC received donated good and services and use of facilities for the years ended December 31, 2010 and 2009 in the amount of \$283,728 and \$334,183, respectively. This includes the following:

	<u>2010</u>	<u>2009</u>
Use of facilities	\$ 42,809	\$ 52,572
Legal fees	101,196	95,935
Consulting services	-	62,594
Travel	-	1,882
Software licenses (including \$19,723 in capitalized expenditures)	<u>139,723</u>	<u>121,200</u>
	<u>\$ 283,728</u>	<u>\$ 334,183</u>

NOTE 9 – ALLOCATION OF JOINT COSTS

During the years ended December 31, 2010 and 2009, GBC conducted an annual gala that included requests for contributions, as well as program components. The costs of conducting the annual gala during the years ended December 31, 2010 and 2009 included a total of \$285,943 and \$367,055, respectively, of joint costs, which are not specifically attributable to particular components of the special event.

These joint costs were allocated as follows:

	<u>2010</u>	<u>2009</u>
Fundraising	\$ 257,349	\$ 330,350
Program services	<u>28,594</u>	<u>36,705</u>
	<u>\$ 285,943</u>	<u>\$ 367,055</u>

**GLOBAL BUSINESS COALITION ON HIV/AIDS,
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NOTE 10 – TEMPORARILY RESTRICTED CONTRIBUTIONS

GBC's temporarily restricted net assets consist of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Impact initiatives	\$ 516,316	\$ 1,103,282
Policy and leadership programs in Russia and Ukraine	27,531	118,367
GBC Fund PSD focal point	69,675	70,118
Corporate Alliance on Malaria	16,150	-
Entomology training	-	98,045
Bednet dialogue	-	33,438
Senior advisor	1,993	19,970
Time restricted: to be used for general purposes	<u>980,832</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 1,612,497</u>	<u>\$ 1,443,220</u>

During the years ended December 31, 2010 and 2009, GBC released temporarily restricted net assets by incurring program expenses or the passage of time, as follows:

	<u>2010</u>	<u>2009</u>
Impact initiatives	\$ 742,759	\$ 152,745
Policy and leadership programs in Russia and Ukraine	90,836	-
Global Fund PSD focal point	69,043	37,300
Entomology training	98,045	-
Bednet dialogue	33,438	-
Senior advisor	17,978	-
Canadian project	-	40,140
ICASA	-	8,180
Time restricted: to be used for general purposes	<u>-</u>	<u>292,662</u>
Total net assets released from restrictions	<u>\$ 1,052,099</u>	<u>\$ 531,027</u>

NOTE 11 – FUNDS FROM OPEN HEALTH INSTITUTE

GBC received funding from Open Health Institute ("OHI") for the Advocacy in the sphere of HIV prevention among injection drug users (IDUs) and most at risk populations (MARPs) programs amounting to \$57,325 and \$234,418, respectively, during the years ended December 31, 2010 and 2009. Such amounts are included as contributions and grants in the accompanying statements of activities. During the year ended December 31, 2010 OHI remitted cash in the amount of \$52,686. As of December 31, 2010 the balance due to GBC is \$4,639.

During 2010 and 2009, total expenditures were 57,325 and \$234,418, respectively. During 2010 GBC capitalized \$1,873 of equipment. The remaining related expenses of \$55,452 in 2010 and \$234,418 in 2009 are included on the accompanying statements of functional expenses as follows:

	<u>2010</u>	<u>2009</u>
Salaries	\$ 25,335	\$ 70,142
Fringe Benefits	3,458	18,208
Occupancy	10,729	26,484
Professional services	8,030	59,020
Travel and lodging	81	29,206
Office supplies and other	278	12,622
Communications	6,377	8,332
Printing and publications	44	7,545
Conferences and events	-	1,659
Miscellaneous	<u>1,120</u>	<u>1,200</u>
Total expenditures of OHI funds	<u>\$ 55,452</u>	<u>\$ 234,418</u>

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NOTE 12 – COMMITMENTS

In 2008, GBC entered into a noncancelable operating lease for its new office premises in New York. The lease requires GBC to make payments for fixed monthly rent and for their pro rata share of escalations in real estate taxes and certain operating expenses. In addition, GBC entered into a lease agreement for its office space in Nairobi payable quarterly for a period of six years.

In 2009, GBC also entered into two new lease agreements for space in Moscow for a one-year term.

Future minimum rental commitments for the years ended subsequent to December 31, 2010 are as follows:

2011	\$ 506,959
2012	515,820
2013	529,798
2014	523,698
2015	<u>401,899</u>
Total	<u>\$ 2,478,174</u>

Rent expense for the years ended December 31, 2010 and 2009 amounted to \$632,600 and \$705,153, respectively, and includes donated rent of \$42,809 and \$52,573, respectively. Donated rent is included in in-kind contributions and occupancy expense in the accompanying financial statements. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying statements of financial position. The estimated annual amortization for the five years following December 31, 2010 is: \$53,369 for 2011, \$58,290 for 2012, \$49,138 for 2013, and \$27,063 for 2014.

NOTE 13 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all

significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, GBC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Corporate bonds and U.S. government bonds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc).

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NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at December 31, 2010 are classified in the table as follows:

	<u>Level 2</u>	<u>Total 2010</u>
ASSETS CARRIED AT FAIR VALUE		
Investments:		
Government securities		
Mortgage backed securities	\$ 376,890	\$ 376,890
Treasury bills	249,350	249,350
Corporate bonds		
Finance and insurance companies	72,024	72,024
Other corporate bonds	<u>79,036</u>	<u>79,036</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 777,300</u>	<u>\$ 777,300</u>

Financial assets carried at fair value at December 31, 2009 are classified in the table as follows:

	<u>Level 2</u>	<u>Total 2009</u>
ASSETS CARRIED AT FAIR VALUE		
Investments:		
Government securities		
Mortgage backed securities	\$ 284,915	\$ 284,915
Treasury bills	151,132	151,132
Corporate bonds		
Finance and insurance companies	82,506	82,506
Other corporate bonds	<u>85,647</u>	<u>85,647</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 604,200</u>	<u>\$ 604,200</u>

NOTE 14 – SUBSEQUENT EVENTS

In the fourth quarter of 2010, with the awareness and involvement of the Board of Directors, GBC was pre-approved to establish a \$1,000,000 line of credit for emergency purposes. The application was finalized and the line was activated in 2011. The Board of Directors also stipulated that their approval must be obtained and a plan of repayment must be provided in advance of any potential drawdown. The line of credit was not available in 2010 and is not reflected in these financial statements. There were no draw downs from this line as of August 4, 2011.