



GAVI Alliance Statutory Financial Statements 2019

Global Health Campus
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Geneva, Switzerland

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Report of the Statutory Auditor

To the GAVI Alliance Board of
GAVI Alliance, Grand-Saconnex - Geneva

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of GAVI Alliance ("Foundation"), which comprise the statement of financial position, statement of activities, statement of changes in capital and notes for the year ended 31 December 2019.

GAVI Alliance Board and Secretariat's Responsibility

The GAVI Alliance Board and Secretariat are responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the statutes and by-laws of the Foundation. 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 GAVI Alliance Board and Secretariat are 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 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 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 2019 comply with Swiss law and the statutes and by-laws of the Foundation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b Civil Code (CC) in connection with article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the GAVI Alliance Board.

We recommend that the financial statements submitted to you be approved.

We draw attention to the fact that the GAVI Alliance board meeting to approve the statutory financial statements for the year ended 31 December 2019 was not held within six months following the balance sheet date, which is in breach of article 958 paragraph 3 CO. The foundation oversight authority granted an extension to the deadline until 30 September 2020 for the filing of the accounts.

Deloitte SA

Fabien Bryois
Licensed Audit Expert
Auditor in Charge



Lisa Watson
Licensed Audit Expert

Geneva, Switzerland, 24 August 2020

Enclosures

- Financial statements (statements of financial position, activities, changes in capital and notes)

STATEMENTS OF FINANCIAL POSITION

In Thousands	Note	As of 31 December 2019		As of 31 December 2018	
		US\$	SFr	US\$	SFr
Cash		246,704	254,858	215,658	212,068
Restricted cash	4	626,482	647,187	553,481	544,267
Financial assets	5	625,775	646,457	738,772	726,473
Contributions receivable	6	1,299,045	1,341,978	1,380,576	1,357,592
Foreign currency forward contracts receivable	7	44,972	46,458	38,815	38,169
Receivables, prepaid expenses and other assets	8	59,490	61,456	34,987	34,404
Total current assets		2,902,468	2,998,394	2,962,289	2,912,973
Financial assets	5	1,028,721	1,062,721	1,106,805	1,088,379
Contributions receivable	6	185,582	191,715	1,189,688	1,169,882
Foreign currency forward contracts receivable	7	-	-	45,478	44,721
Fixed assets	9	26,332	27,203	3,604	3,544
Total non-current assets		1,240,635	1,281,639	2,345,575	2,306,526
Total assets		4,143,103	4,280,033	5,307,864	5,219,499
Accounts payable and other liabilities	10	171,100	176,755	94,257	92,688
Programme grants payable	11	246,711	254,865	1,404,280	1,380,902
Procurement accounts payable	4	626,482	647,187	560,760	551,424
Foreign currency forward contracts payable	7	1,101	1,137	1,921	1,889
Operating lease obligation	14	2,676	2,764	-	-
Total current liabilities		1,048,070	1,082,708	2,061,218	2,026,903
Programme grants payable	11	112	116	8,710	8,565
Operating lease obligation	14	23,498	24,275	-	-
Total non-current liabilities		23,610	24,391	8,710	8,565
Total liabilities		1,071,680	1,107,099	2,069,928	2,035,468
Special purpose fund		1,127,552	1,081,286	2,224,486	2,183,047
Total long-term special purpose fund capital		1,127,552	1,081,286	2,224,486	2,183,047
Foundation capital		31	50	31	50
Unrestricted funds		1,943,840	1,930,463	1,013,419	995,947
Currency translation adjustment		-	161,135	-	4,987
Total organisational capital		1,943,871	2,091,648	1,013,450	1,000,984
Total liabilities, special purpose fund capital and organisational capital		4,143,103	4,280,033	5,307,864	5,219,499

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

STATEMENTS OF ACTIVITIES

In Thousands	Note	Year Ended 31 December 2019		Year Ended 31 December 2018	
		US\$	SFr	US\$	SFr
<u>Changes in unrestricted funds</u>					
<u>Revenue</u>					
Contributions from government and private donors		500,702	502,905	374,633	369,876
Net investment income	12	85,686	86,063	37,213	36,741
Net fair value gains on derivatives		20,732	20,823	107,046	105,687
Other revenue		924	930	6,028	5,951
Internal transfers		1,388,272	1,394,380	1,242,448	1,226,669
Total revenue		1,996,316	2,005,101	1,767,368	1,744,924
<u>Expenses</u>					
Programme	13	1,008,894	1,013,335	1,847,598	1,824,134
Management and general	13	24,581	24,689	24,547	24,235
Fundraising	13	20,346	20,435	22,306	22,023
Foreign currency transaction adjustment on contributions receivable		12,074	12,126	24,973	24,656
Total expenses		1,065,895	1,070,585	1,919,424	1,895,048
Change in unrestricted funds		930,421	934,516	(152,056)	(150,124)
<u>Changes in special purpose fund</u>					
Contributions from government and private donors		275,834	277,048	203,593	201,007
Foreign currency transaction adjustment on contributions receivable		15,568	15,636	(71,142)	(70,238)
Provision for bad debts	6	(64)	(65)	(6,000)	(5,924)
Internal transfers		(1,388,272)	(1,394,380)	(1,242,448)	(1,226,669)
Change in special purpose fund		(1,096,934)	(1,101,761)	(1,115,997)	(1,101,824)
Result for the year		(166,513)	(167,245)	(1,268,053)	(1,251,948)
<u>Beginning of the year</u>					
Unrestricted funds		1,013,419	995,947	1,165,475	1,146,071
Special purpose fund		2,224,486	2,186,047	3,340,483	3,287,871
Beginning of the year		3,237,905	3,181,994	4,505,958	4,433,942
<u>End of the year</u>					
Unrestricted funds		1,943,840	1,930,463	1,013,419	995,947
Special purpose fund		1,127,552	1,084,286	2,224,486	2,186,047
End of the year		3,071,392	3,014,749	3,237,905	3,181,994

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

STATEMENTS OF CHANGES IN CAPITAL

Year Ended 31 December 2019, in Thousands	Opening Balance		Result for the year		Currency Translation Adjustment		Closing Balance	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Special purpose fund:								
Vaccine and immunisation	2,224,486	2,183,047	(1,096,934)	(1,101,761)	-	-	1,127,552	1,081,286
Foundation capital	31	50			-	-	31	50
Unrestricted funds	1,013,419	995,947	930,421	934,516	-	-	1,943,840	1,930,463
Currency translation adjustment	-	4,987	-	-	-	156,148	-	161,135
Total special purpose fund and organisational capital	3,237,936	3,184,031	(166,513)	(167,245)	-	156,148	3,071,423	3,172,934

Year Ended 31 December 2018, in Thousands	Opening Balance		Result for the year		Currency Translation Adjustment		Closing Balance	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Special purpose fund:								
Vaccine and immunisation	3,340,483	3,284,871	(1,115,997)	(1,101,824)	-	-	2,224,486	2,183,047
Foundation capital	31	50			-	-	31	50
Unrestricted funds	1,165,475	1,146,071	(152,056)	(150,124)	-	-	1,013,419	995,947
Currency translation adjustment	-	-	-	-	-	4,987	-	4,987
Total special purpose fund and organisational capital	4,505,989	4,430,992	(1,268,053)	(1,251,948)	-	4,987	3,237,936	3,184,031

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

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

GAVI Alliance (“Gavi”) was formerly known as the Global Alliance for Vaccines and Immunisation. It was created in 2000 to respond to and combat declining immunisation rates in implementing countries. Gavi was initially created as a non-judicial association of public and private sector organisations, institutions and governments, including the Bill and Melinda Gates Foundation (the “Gates Foundation”), the United Nations Children’s Fund (“UNICEF”), the International Bank for Reconstruction and Development (the “World Bank”), the World Health Organisation (the “WHO”), implementing country governments, grantor country governments, vaccine manufacturers, civil society organisations and research and technical health institutes.

Name:	Gavi Alliance
Legal form:	Foundation
Registered in:	Geneva
Legal basis:	Gavi Alliance Statutes
Chairman:	Dr. Ngozi Okonjo-Iweala
Auditor:	Deloitte SA (CHE-411.931.790)
Supervision authority:	Swiss Supervisory Authority of Foundations

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: These statutory financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Gavi prepared consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States and therefore exempted from including the additional information in the notes to the annual accounts, the cash flow statement and the management report in these statutory financial statements in accordance with Swiss Code of Obligations Article 961d paragraph 1.

Functional and Presentation Currency: The financial statements are presented in United States dollars, which is the functional and reporting currency of Gavi. The Swiss Code of Obligations requires the disclosure of the financial statements in Swiss francs (“SFr”). For this purpose, the assets and liabilities in United States dollars are translated at the foreign exchange rate prevailing at the end of the year and income and expenses are translated at the yearly average foreign exchange rate published by the Federal Tax Administration (ESTV). Special purpose fund and organisational capital are presented at the historical rates. All translation differences are reported as currency translation adjustment under organisational capital in the Statement of Financial Position and Statement of Changes in Capital. Currency translation adjustment at the date of implementation, 1 January 2018, was set to zero.

Change in Accounting Policy: In January 2019, Gavi changed its accounting policy on the recognition of contributions received and contributions made for a clear and better accounting treatment.

- In 2019, Gavi recognised contributions with donor-imposed conditions as a promise to give and a contribution revenue upon substantial fulfilment of the conditions. In 2018, Gavi records conditional pledge, where the possibility that the condition will not be met is remote, as unconditional promise to give and a contribution revenue.
- In 2019, Gavi recognised programme expenses and liabilities upon substantial fulfilment of conditions by the recipient. In 2018, Gavi records programme expenses and liabilities for Near-Term Programme Approvals, where the likelihood that future events will confirm the incurrence of programme liabilities is probable.

Cash, Restricted Cash and Cash Equivalents: Gavi reports all demand deposits as cash. Restricted cash are deposits subject to restrictions and are therefore not available for general use as discussed in Note 4 to the financial statements. At times, the balances in bank accounts held in Switzerland, the United Kingdom and the United States may exceed the respective deposit insurance limits. Gavi has, however, not experienced any losses in these accounts and manages the risk in accordance with its cash investment policy. Gavi does not believe it is exposed to any significant credit risk related to the accounts. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less. Gavi reports all cash equivalents, which includes time deposits, fiduciary deposits, and money market funds, as financial assets.

Net Contributions Receivable: Gavi’s net contributions receivable comprises unconditional promises to give from donors. Gavi records each unconditional promise to give at nominal value less any appropriate value adjustments for amounts that cannot be recovered on the date the recognition criteria are met. A conditional promise to give is considered unconditional if the barriers or conditions are met. In 2018, a conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

An allowance for doubtful accounts is provided for those receivables which are considered to be uncollectible based on **historical experience and management's evaluation of the likelihood of payment**. Accounts are written off after all reasonable collection efforts have been exhausted.

Contributions receivable pledged in currencies other than the United States dollar are converted to United States dollars using the spot currency exchange rates as of year-end. Nominal value changes related to changes in currency exchange rates are reported in the Statements of Activities as foreign currency transaction adjustment.

Financial Assets (Investments in money market funds and registered investment companies): These are recorded at fair value which is based on unadjusted quoted prices for an identical asset in an active market.

Financial Assets (Investments in limited liability companies and limited partnerships): These are recorded at cost less any impairment losses.

Foreign Currency Forward Contracts Receivable/Payable: Gavi uses foreign currency forward contracts to manage the foreign exchange risk on its foreign currency assets and liabilities. These derivatives are recognised at fair value.

Fixed Assets: Furniture, equipment and leasehold improvements that were purchased by the Gavi are stated at cost. Depreciation for furniture and equipment is calculated using the straight-line method over their estimated useful lives of three to five years. Depreciation for leasehold improvements is calculated using the **straight-line method over the shorter of the asset's useful life or the term of the lease**.

Accounts Payable and Other Liabilities: Accounts payable and other liabilities are recognised at nominal value. It includes accrued expenses which are expenses recognised as a monetary item before it is paid for.

Net Programme Grants Payable: Net programme grants payable are recognised at nominal value.

Payments to programme implementing partners or procurement agents in advance of any service delivery are accounted for as prepayments for procurement and are included in receivables, prepaid expenses and other assets in the Statements of Financial Position.

Procurement Accounts Payable: Procurement accounts payable are amounts committed to UNICEF for the procurement of vaccines and are recognised at nominal value.

Leases: Gavi is a lessee in several noncancelable operating leases, for office space, computers and other office equipment. Gavi determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Gavi recognises a lease liability and a right-of-use asset at the commencement date of the lease. The lease liability is initially and subsequently recognised based on the present value of its future lease payments using risk-free discounted rate at commencement date for all leases. The right-of-use asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortised initial direct costs, plus any prepaid lease payments, less the unamortised balance of lease incentives received, and any impairment recognised. Lease cost for lease payments is recognised on a straight-line basis over the lease term.

Gavi has elected, for all underlying classes of assets, to not recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement, and do not include an option to purchase the underlying asset that Gavi is reasonably certain to exercise. Gavi recognises lease cost associated with short-term leases on a straight-line basis over the lease term.

Gavi made an accounting policy election by class of underlying asset, for computers and other office equipment, to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

Special Purpose Funds: Net assets subject to donor-imposed stipulations that are expected to be met by **actions of Gavi, the passage of time, or both**. Gavi's constitute bodies cannot independently decide to use these funds for another purpose. These funds are reported at nominal value as debts.

Organisational Capital: The organisational capital is initially made available by the founder and also results from income generated. It must be used in line with the purpose of the organisation. The generated funds are designated as generated unrestricted funds (which can be used **for all the organisation's purposes, i.e.** net assets that are not subject to donor-imposed stipulations) and generated restricted capital (which can be used by the organisation itself for a clearly defined and limited purpose). Gavi does not have any restricted capital as of 31 December 2019 and 2018.

Gavi has nominated and maintains a foundation capital of SFr 50 thousand by virtue of its initial registration as a non-profit foundation under the laws of Switzerland.

Revenue Recognition: Contributions are reported as revenue in the year in which payments are received, unconditional promises are made or barriers on conditional promises are met. Gavi reports gifts of cash and other assets as special purpose fund if they are received with donor stipulations that limit the use of the

contributed assets for specific purposes or use in future years. When a donor restriction expires, that is when the time or purpose of the restriction is met, special purpose fund is transferred to unrestricted funds and reported in the Statements of Activities as internal transfers.

Revenue from cost-reimbursable contracts and grants is recognised as the related costs are incurred, or as the related activities occur and any conditions stipulated in the grant agreements are met, on the basis of direct costs, plus allowable indirect costs.

Contributed goods and services are included in contributions in the Statements of Activities at their estimated nominal value at the date of their receipt.

Expenses: Gavi records expenses in the periods to which the transactions, events and circumstances relate.

Gavi's major classes of programmes are New and Underused Vaccine Support ("NVS") programmes, Health System Strengthening ("HSS") programmes and Investment Cases. NVS programmes provide funding to Gavi supported implementing countries for the introduction of vaccines and associated vaccine technology. HSS programme funding is used to achieve and sustain increased immunisation coverage, through strengthening **the capacity of countries' systems to provide immunisation and other health services.** Gavi records these programme expenses in the periods to which the grants are approved and the barriers or conditions are met. In 2018, Gavi records these programme expenses in the periods to which the grants assigned for the current year and immediately subsequent year are approved. Investment Cases are one-time tactical investments in disease prevention and control. These investments are made through Gavi partners such as the UNICEF and WHO.

Income Taxes: Gavi is exempt from income taxes in each of the jurisdictions in which it has operations.

Allocation of Functional Expenses: Gavi's expenses are summarised by their functional classification in the Statements of Activities. Certain costs have been allocated among the respective functional classes of expenses, on the basis of time and effort of full-time employees, as shown in the Statements of Functional Expenses.

Contingencies: **Gavi's programmes include investment cases. An investment case is a proposal that is prepared jointly by Gavi and one or more partners to fund a special vaccine related programme, such as rapid response to outbreaks through stockpiling vaccines or prevention campaigns.** Due to uncertainty around when or where outbreaks will occur and how much Gavi will be required to fund, it is difficult to estimate the costs involved with such programmes. Therefore, such costs are recorded at the time they are incurred, and there will be future costs associated with investment case programmes.

Foreign Currency Transactions: These financial statements are presented in United States dollars, which is the reporting currency of the Gavi. The assets and liabilities held in foreign currency are converted to United States dollars at the prevailing average interbank exchange rate as of 31 December 2019 and 2018. Foreign currency transactions are translated at the prevailing average interbank exchange rates on the date of the transaction. The resulting foreign exchange gains and losses are recognised in the Statements of Activities.

Use of Estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. RELATED PARTY DISCLOSURE

Gavi's related party is the International Finance Facility for Immunisation Company ("IFFIm"). IFFIm was incorporated in June 2006 as a private company limited by guarantee under the United Kingdom Companies Act 1985, with the company registration number 5857343. It is also registered as a charity with the Charity Commission for England and Wales, with the charity registration number 1115413. IFFIm is a multilateral development institution that raises funds by issuing bonds in the international capital markets. It then disburses the funds to Gavi which uses the funds for its vaccine procurement, immunisation, health systems strengthening ("HSS"), and vaccine research and development programmes. Gavi is the sole member of IFFIm. Gavi has control of IFFIm and also has ongoing economic interests in the net assets of IFFIm through contracts and affiliation agreements.

Balances due to or from related parties are non-interest bearing and do not have specific terms of repayment.

Gavi's related party balances were:

In Thousands	Note	2019		2018	
		US\$	SFr	US\$	SFr
Contributions receivable from IFFIm		357,064	368,865	457,064	449,455
Accounts receivable from IFFIm	8	-	-	231	227
Accounts payable to IFFIm	10	111	115	-	-

In May 2019, Gavi assigned to IFFIm all its rights, title, benefit and interest to receive grant payments committed by Norway totalling kr 600 million (US\$ 60 million; SFr 62 million). In July 2019, IFFIm issued its first bond in Norwegian krone, raising kr 600 million (US\$ 64 million; SFr 66 million), in immediate funding to Gavi to help finance research and development of new vaccines by the Coalition for Epidemic Preparedness Innovations ("CEPI").

Gavi recorded contributions from IFFIm of US\$ 216 million (SFr 217 million) during the year ended 31 December 2019, which includes CEPI-related funding of US\$ 65 million (SFr 66 million). No contributions from IFFIm were recorded by Gavi during the year ended 31 December 2018. Gavi provided in-kind contributions to IFFIm of US\$ 888 thousand (SFr 892 thousand) and US\$ 924 thousand (SFr 912 thousand) during the years ended 31 December 2019 and 2018, respectively.

4. RESTRICTED CASH AND PROCUREMENT ACCOUNTS PAYABLE

Gavi established separate bank accounts into which it transfers cash as needed for the benefit of UNICEF to procure vaccines and other supplies on Gavi's behalf (the "Procurement Accounts"). All cash deposited into the Procurement Accounts is irrevocable and may only be withdrawn by UNICEF, with the exception of investment income, which may be remitted to Gavi. As collateral security for the prompt payment and performance when due of Gavi's obligations, Gavi has granted to UNICEF a security interest in all of Gavi's rights, titles, interests in, and proceeds from, the Procurement Accounts and all financial assets credited thereto. As of 31 December 2019 and 2018, US\$ 626 million (SFr 647 million) and US\$ 553 million (SFr 544 million), respectively, were available to UNICEF in the Procurement Accounts.

Amounts payable to UNICEF for the procurement of vaccines were US\$ 626 million (SFr 647 million) and US\$ 561 million (SFr 551 million) as of 31 December 2019 and 2018, respectively. These amounts are presented as procurement accounts payable in the Statements of Financial Position.

5. FINANCIAL ASSETS

Gavi's financial assets consisted of the following:

In Thousands	2019		2018	
	US\$	SFr	US\$	SFr
Money market funds	625,775	646,457	738,772	726,473
Registered investment companies	410,594	424,164	342,860	337,152
Limited liability companies and limited partnerships	618,127	638,557	763,945	751,227
Total financial assets	1,654,496	1,709,178	1,845,577	1,814,852

Money market funds are presented under current assets in the Statements of Financial Position. Registered investment companies and limited liability companies and limited partnerships are presented under non-current assets in the Statements of Financial Position.

Gavi had outstanding capital commitments of US\$ 41 million and US\$ 23 million in limited liability companies and limited partnerships as of 31 December 2019 and 2018, respectively. These commitments represent amounts expected to be drawn by the investment fund managers.

6. NET CONTRIBUTIONS RECEIVABLE

Based on management's evaluation of collectability of contributions receivable, a provision for doubtful accounts of US\$ 64 thousand (SFr 65 thousand) and US\$ 6 million (SFr 5.9 million) was recorded for the year ended 31 December 2019 and 2018, respectively.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Gavi is exposed to the market risk that its net assets or its ability to meet its objectives may be adversely affected by changes in the level of, or volatility in, market rates or prices. Gavi is in particular exposed to foreign exchange risk.

The company hedges its exposure to currency fluctuations by taking out foreign currency forward contracts. This was done primarily to improve predictability of contribution cash flows which are denominated in foreign currencies, and cash balances which are required in SFr to pay operating expenses for the Secretariat.

The notional amounts and fair values of foreign currency forward contracts held by Gavi were:

As of 31 December 2019, in Thousands	Notional Amount		Fair Value	
	US\$	SFr	US\$	SFr
Foreign currency forward contracts receivable	720,936	744,763	44,972	46,458
Foreign currency forward contracts payable	(28,263)	(29,197)	(1,101)	(1,137)

As of 31 December 2018, in Thousands	Notional Amount		Fair Value	
	US\$	SFr	US\$	SFr
Foreign currency forward contracts receivable	1,330,561	1,308,410	84,293	82,890
Foreign currency forward contracts payable	(48,000)	(47,201)	(1,921)	(1,889)

Gavi uses foreign exchange contracts to reduce the level of foreign exchange risk associated with its contributions receivable. Under its hedging policy, Gavi enters into foreign exchange contracts to economically hedge a portion of the foreign currency exposure on its contributions receivable. These foreign exchange contracts, which include option and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Gavi minimises counterparty credit risk in derivative instruments by entering into transactions with high quality counterparties whose credit rating is not lower than A or A2 as measured by at least two major credit agencies. The maximum exposure with any single bank is limited to 10% of the short-term portfolio or \$100 million (or equivalent in other currencies), whichever is higher. Due to the policy in place and assessment performed, there are no significant concentrations of risk.

8. RECEIVABLES, PREPAID EXPENSES AND OTHER ASSETS

Gavi's receivables, prepaid expenses and other assets consisted of the following:

In Thousands	Note	2019		2018	
		US\$	SFr	US\$	SFr
Prepaid expenses		54,226	56,018	29,045	28,561
Receivable from non-Gavi eligible countries		4,976	5,140	4,976	4,893
Accounts receivable from IFFIm	3	-	-	231	227
Other receivables		288	298	735	723
Total receivables, prepaid expenses and other assets		59,490	61,456	34,987	34,404

9. FIXED ASSETS

Gavi's fixed assets consisted of the following:

In Thousands	Note	2019		2018	
		US\$	SFr	US\$	SFr
Cost:					
Furniture and fixtures		1,694	1,750	1,666	1,638
Office equipment		1,675	1,730	1,675	1,647
Leasehold improvements		1,149	1,187	1,149	1,130
Computer software and licenses		5,680	5,868	5,680	5,585
Operating lease right-of-use asset	14	26,526	27,403	-	-
Fixed asset in progress		17	18	-	-
Total cost		36,741	37,956	10,170	10,000
Less accumulated depreciation and amortisation:					
Furniture and fixtures		(547)	(565)	(219)	(215)
Office equipment		(1,479)	(1,528)	(1,271)	(1,250)
Leasehold improvements		(228)	(236)	(107)	(105)
Computer software and licenses		(5,607)	(5,792)	(4,969)	(4,886)
Operating lease right-of-use asset		(2,548)	(2,632)	-	-
Total accumulated depreciation and amortisation		(10,409)	(10,753)	(6,566)	(6,456)
Total fixed assets		26,332	27,203	3,604	3,544

Depreciation and amortisation expense was US\$ 3.8 million (SFr 3.9 million) and US\$ 2.0 million (SFr 2.0 million) for the years ended 31 December 2019 and 2018, respectively, and reported as facility and office costs in Note 13 to the financial statements.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Gavi's accounts payable and other liabilities consisted of the following:

In Thousands	Note	2019		2018	
		US\$	SFr	US\$	SFr
Deferred revenue		145,216	150,015	59,384	58,395
Trade creditors		13,925	14,385	15,963	15,697
Accrued expenses		10,875	11,234	15,923	15,658
Accounts payable to IFFIm	3	111	115	-	-
Other liabilities		973	1,006	2,987	2,938
Total accounts payable and other liabilities		171,100	176,755	94,257	92,688

11. PROGRAMME GRANTS PAYABLE

Gavi's programme grants payable consisted of the following:

In Thousands	2019		2018	
	US\$	SFr	US\$	SFr
Country programme grants	228,314	235,860	1,337,759	1,315,488
Partner programme grants	18,509	19,121	75,231	73,979
Total programme grants payable	246,823	254,981	1,412,990	1,389,467

12. NET INVESTMENT INCOME

Net investment income was as follows:

In Thousands	2019		2018	
	US\$	SFr	US\$	SFr
Investment income on investments	91,292	91,693	41,605	41,077
Investment fees on investments held	(4,816)	(4,837)	(3,614)	(3,568)
Direct internal investment expenses	(790)	(793)	(778)	(768)
Net investment income	85,686	86,063	37,213	36,741

Investment income on investments held by Gavi included realised and unrealised net gains of US\$ 60 million (SFr 60 million) and US\$ 12 million (SFr 12 million) for the years ended 31 December 2019 and 2018, respectively. US\$ 36 million (SFr 36 million) of net gains and US\$ 58 million (SFr 57 million) of net losses were unrealised as of 31 December 2019 and 2018, respectively.

13. FUNCTIONAL EXPENSES

Gavi's programme, management and general, and fundraising expenses were:

Year Ended 31 December 2019, in Thousands	Programme Expenses		Management and General Expenses		Fundraising Expenses		Total Expenses	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Direct programme expenses	794,538	798,034	-	-	-	-	794,538	798,034
Programme implementation	160,756	161,464	-	-	-	-	160,756	161,464
Total programme expenses	955,294	959,498	-	-	-	-	955,294	959,498
Payroll and benefits	31,780	31,920	12,104	12,157	9,493	9,535	53,377	53,612
Training and recruitment	-	-	1,298	1,304	-	-	1,298	1,304
Professional fees	9,718	9,761	6,130	6,157	6,776	6,806	22,624	22,724
Media production and distribution	213	214	20	20	296	297	529	531
Events and meetings	1,112	1,117	1,489	1,496	684	687	3,285	3,300
Travel and representation	3,772	3,789	646	649	1,005	1,009	5,423	5,447
Facility and office costs	5,070	5,092	2,116	2,125	1,540	1,546	8,726	8,763
Supplies and minor equipment	1,935	1,944	778	781	552	555	3,265	3,280
Other operating expenses	53,600	53,837	24,581	24,689	20,346	20,435	98,527	98,961
Total functional expenses	1,008,894	1,013,335	24,581	24,689	20,346	20,435	1,053,821	1,058,459

Year Ended 31 December 2018, in Thousands	Programme Expenses		Management and General Expenses		Fundraising Expenses		Total Expenses	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Direct programme expenses	1,597,404	1,577,117	-	-	-	-	1,597,404	1,577,117
Programme implementation	193,887	191,425	-	-	-	-	193,887	191,425
Total programme expenses	1,791,291	1,768,542	-	-	-	-	1,791,291	1,768,542
Payroll and benefits	31,188	30,792	12,450	12,292	9,818	9,693	53,456	52,777
Training and recruitment	-	-	780	770	-	-	780	770
Professional fees	10,821	10,684	5,702	5,630	7,042	6,953	23,565	23,267
Media production and distribution	350	346	85	84	357	352	792	782
Events and meetings	816	806	1,196	1,181	1,328	1,311	3,340	3,298
Travel and representation	4,083	4,031	601	593	929	917	5,613	5,541
Facility and office costs	7,667	7,570	3,163	3,123	2,425	2,394	13,255	13,087
Supplies and minor equipment	1,382	1,363	570	562	407	403	2,359	2,328
Other operating expenses	56,307	55,592	24,547	24,235	22,306	22,023	103,160	101,850
Total functional expenses	1,847,598	1,824,134	24,547	24,235	22,306	22,023	1,894,451	1,870,392

14. LEASES

Gavi classified the following leases as operating leases. These leases generally contain renewal options that Gavi is not reasonably certain to exercise.

Geneva, Switzerland leases: Gavi had a lease agreement for office space in Geneva, Switzerland, which commenced in January 2012 and ended in July 2018. Gavi also had a lease agreement for additional office space in Geneva, Switzerland, which commenced in July 2014 and ended in July 2018. Gavi entered into a ten-year lease agreement, with a five-year option to renew, for new office space in Geneva, Switzerland commencing in February 2018 and ending in February 2028. Gavi relocated to the new office in July 2018.

Washington, DC leases: In September 2016, Gavi entered into a fifteen-year lease agreement for new office space in Washington, DC, commencing in August 2017 and ending in July 2032.

Equipment leases: Gavi entered into a 63-month lease agreement for the postage machine in Washington, DC office commencing in June 2018 and ending in September 2023. Gavi entered into a three-year lease agreement, with an option to extend the lease upon satisfactory performance, for laptops, docking stations, asset tagging and security locks commencing on 1 April 2019 and ending on 31 March 2022. Gavi entered into a three-year lease agreement, with an option to extend the lease upon satisfactory performance, for printers commencing on 1 June 2019 and ending on 31 May 2022.

Gavi's minimum future lease principal and interest payments are as follows:

In Thousands of US\$	Principal	Interest	Total
Year Ending 31 December 2020	2,868	33	2,901
Year Ending 31 December 2021	2,866	55	2,921
Year Ending 31 December 2022	2,735	78	2,813
Year Ending 31 December 2023	2,682	102	2,784
Year Ending 31 December 2024	2,679	125	2,804
Thereafter	11,810	1,774	13,584
Total	25,640	2,167	27,807

In Thousands of Sfr	Principal	Interest	Total
Year Ending 31 December 2020	2,824	33	2,857
Year Ending 31 December 2021	2,822	55	2,877
Year Ending 31 December 2022	2,692	77	2,769
Year Ending 31 December 2023	2,639	100	2,739
Year Ending 31 December 2024	2,636	123	2,759
Thereafter	11,620	1,745	13,365
Total	25,233	2,133	27,366

Rent expense for these leases is recognised on a straight-line basis over the term of the leases. Rental expense was US\$ 2.7 million (Sfr 2.7 million) and US\$ 4.1 million (Sfr 4.0 million) for the years ended 31 December 2019 and 2018, respectively, and reported as facility and office costs in Note 13 to the financial statements.

15. RETIREMENT PLANS

The Gavi sponsors the following retirement plans:

Employees Based in Geneva, Switzerland: Gavi sponsors a defined contribution term savings plan with Zurich International Life Limited ("the Geneva Plan"). Membership in the Geneva Plan is for all employees with Gavi employment contracts of four or more months. The Geneva Plan is funded by both Gavi and employees' contributions that are based on the employees' gross annual salaries. Gavi makes monthly employer contributions to the Geneva Plan at 16% of the employee gross salary. Each employee has a compulsory 5% contribution. The total amount expensed for Gavi's contributions was US\$ 7.2 million (Sfr 7.3 million) and US\$ 7.3 million (Sfr 7.2 million) for the years ended 31 December 2019 and 2018, respectively.

Employees Based in Washington, DC: Gavi sponsors a 401(k) defined contribution plan (the "Washington Plan"), which is a United States retirement savings plan under the United States Internal Revenue Code, for all eligible employees. Employees become eligible upon being hired and may participate starting on the first day of any month. Employees may contribute voluntary salary deferrals to the Washington Plan, subject to United States Internal Revenue Service limitations. Gavi's annual matching contributions equal 1% of each vested participant's compensation and a 3% contribution due to a safe harbour provision. Participants are fully vested upon employment. In addition, Gavi's board approved discretionary spending equalling 12% of

each participant's compensation in order to better align the Washington Plan with the Geneva Plan. The amounts expended for Gavi's contributions were US\$ 399 thousand (SFr 401 thousand) and US\$ 428 thousand (SFr 423 thousand) for the years ended 31 December 2019 and 2018, respectively.

16. OTHER DISCLOSURE

Full-time equivalent: The average number of full-time equivalent employees was 282 and 278 for the years ended 31 December 2019 and 2018, respectively.

Foreign exchange rates: The United States dollars to Swiss francs exchange rates used were as follows:

	2019	2018
Spot rate	1.03305	0.98335
Average rate	1.00440	0.98730

17. SUBSEQUENT EVENTS

In preparing these statutory financial statements, Gavi evaluated subsequent events through 24 August 2020, which represents the date that the statutory financial statements were issued. Gavi identified the following significant subsequent events requiring disclosure:

- On 11 March 2020, the WHO characterised COVID-19 a global pandemic. It continues to have a devastating impact on global health and economic activity, including the economies of Gavi donors and Gavi-supported countries, many of which have been on lockdown to slow the spread of the disease. Gavi is actively supporting **countries'** responses to the pandemic through reprogramming existing Gavi support and helping countries mitigate the effects on their immunisation systems. As a result of the disruption caused by the pandemic, Gavi is exposed to increased financial risk and disruptions to its business operations which could impact delivery of its strategic goals. Gavi has appropriate measures in place to mitigate the increased financial risk and disruptions to its business operations, and has relied on those measures to ensure continued delivery of its strategic goals. Gavi invoked business continuity procedures, including home-based work to ensure the Secretariat remains operational, and adopted other prudent measures to ensure the health and safety of its employees. The Board and supporting committees have been actively engaged to facilitate key decisions and, on a timely basis, to provide necessary guidance on operational matters and **Gavi's** COVID-19 response. Gavi is committed to securing a global response to COVID-19 that is effective and fair, using its unique expertise to help identify and rapidly accelerate development, production and delivery of COVID-19 vaccines so that anyone who needs them gets them. On 4 June 2020, Gavi launched the Gavi Advance Market Commitment for COVID-19 ("**Gavi** COVAX **AMC**") to ensure equitable access and delivery of COVID-19 vaccines after they have been developed. Disruptions to Gavi business operations include delays to routine immunisation programmes and supplementary immunisation activities, including vaccine and cold chain equipment supply constraints, as health workers focus on COVID-19 response. Gavi is allowing countries to apply to reprogramme their health system strengthening grants to provide fast and flexible funding to support their COVID-19 responses. In addition, Gavi made funds available to UNICEF to secure personal protective equipment (PPE), diagnostic tests and other vital supplies on behalf of 58 low- and lower middle-income countries as they respond to the pandemic. The Board and Secretariat have considered the impact of the pandemic on **Gavi's** business activities and, in their assessment, Gavi continues to meet its obligations as scheduled; undertake business activities on an ongoing basis; and deliver on its strategic goals.
- On 4 June 2020, the Government of the United Kingdom hosted the Global Vaccine Summit, **Gavi's** third donor pledging conference, to raise funds to support **Gavi's** programmes for the 2021 to 2025 strategic period. Attended by a number of world leaders and representatives from Gavi donor countries, Gavi-supported countries, the private sector, civil society, and Gavi partners, the summit raised a total of US\$ 8.8 billion (valued at foreign currency spot rates as of 4 June 2020) in new donor pledges, which will enable Gavi to reach a further 300 million children by 2025, saving an additional 7 to 8 million more lives.

- At the GVS on 4 June 2020, Gavi launched the Gavi COVAX AMC, a new financing instrument aimed at incentivising vaccine manufacturers to produce sufficient quantities of eventual COVID-19 vaccines, and to ensure access for implementing countries. The Advance Market Commitment for Pneumococcal Vaccine ("**PCV AMC**") donors the Republic of Italy, the United Kingdom, Canada, the Kingdom of Norway, and the Bill & Melinda Gates Foundation agreed to commit US\$ 177.5 million in unused funding remaining at the close of the PCV AMC to the newly launched Gavi COVAX AMC. On 30 July 2020, the Board approved the establishment of the Gavi COVAX AMC as a financing mechanism to ensure that low income and lower middle-income economies based on 2018 and 2019 World Bank income classifications, as well as 12 other International Development Association ("**IDA**") eligible economies ("**Gavi COVAX AMC Group**") have access to COVID-19 vaccines once available.
- On 30 July 2020, the Board approved Gavi as the legal entity to administer the COVAX Facility (the "**Facility**") with immediate effect. The Facility is a mechanism through which demand and resources are pooled to support availability of, and equitable access to, COVID-19 vaccines for all. All economies are invited to participate. High income economies and upper middle-income economies will be required to fully finance their doses by committing to purchase a certain percentage of doses once available and providing Gavi with a down payment on that commitment. The Gavi COVAX AMC will subsidise vaccine dose purchase for the Gavi COVAX AMC Group. Gavi, as administrator of the Facility, will enter into advance purchase agreements with manufacturers to procure volume of vaccine in advance of licensure so that, once licensed by an appropriate licensing authority, vaccines will be available faster and in larger amounts than they otherwise would have; thereby allowing access to more economies. All participating economies will have access to doses of vaccine procured through the Facility. Gavi will administer the continued implementation of the Facility in accordance with the framework set out by the Board.