

The Global Alliance for TB Drug Development, Inc.

Financial Statements
Year Ended December 31, 2022

The Global Alliance for TB Drug Development, Inc.

Financial Statements
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The Global Alliance for TB Drug Development, Inc

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-17



Independent Auditor's Report

Board of Directors
The Global Alliance for TB Drug Development, Inc.
New York, New York

Opinion

We have audited the financial statements of The Global Alliance for TB Drug Development, Inc. (TB Alliance), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TB Alliance as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TB Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TB Alliance's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TB Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TB Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited TB Alliance's 2021 financial statements and our report, dated June 24, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it was derived.

BDO USA, LLP

June 20, 2023

The Global Alliance for TB Drug Development, Inc

Statement of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents (Note 2)	\$ 158,312,536	\$ 180,199,564
Restricted cash (Note 2)	1,437,657	866,291
Grants and contributions receivable (Note 2)	5,333,614	5,013,233
Investments (Notes 2 and 3)	9,761,242	-
Prepaid expenses and other assets	1,117,454	1,024,367
Fixed assets, net (Notes 2 and 4)	724,376	457,341
Total assets	\$ 176,686,879	\$ 187,560,796
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 11,087,260	\$ 9,760,983
Deferred revenue (Note 2)	419,100	12,159,240
Total liabilities	11,506,360	21,920,223
Commitments and contingencies (Notes 4, 5, 6, and 7)		
Net Assets		
Without donor restrictions (Note 2)	165,180,519	165,640,573
Total liabilities and net assets	\$ 176,686,879	\$ 187,560,796

See accompanying notes to the financial statements.

The Global Alliance for TB Drug Development, Inc

Statement of Activities

<i>For the years ended December 31,</i>	2022	2021
	Without Donor Restrictions	
Public Support and Other Revenue		
Grants and contributions	\$ 52,646,326	\$ 58,183,286
Investment income, net	1,812,456	28,123
Miscellaneous income	934,739	406,821
Total public support and other revenue	55,393,521	58,618,230
Expenses		
Program services (Note 2):		
Research and development	44,011,395	46,921,878
Business development	767,325	505,926
Public affairs and policy	4,892,742	4,623,306
Total program services	49,671,462	52,051,110
Supporting services:		
Management and general	5,348,478	4,633,061
Fundraising	754,480	746,434
Total supporting services	6,102,958	5,379,495
Total expenses	55,774,420	57,430,605
Change in net assets, before foreign translation loss	(380,899)	1,187,625
Foreign translation loss (Note 2)	(79,155)	(4,978)
Change in net assets	(460,054)	1,182,647
Net assets, beginning of year	165,640,573	164,457,926
Net assets, end of year	\$ 165,180,519	\$ 165,640,573

See accompanying notes to the financial statements.

The Global Alliance for TB Drug Development, Inc

**Statement of Functional Expenses
(with comparative totals for 2021)**

For the years ended December 31,

	Program Services				Supporting Services			Total	
	Research and Development	Business Development	Public Affairs and Policy	Total	Management and General	Fundraising	Total	2022	2021
Salaries, benefits, and taxes	\$ 10,219,315	\$ 551,165	\$ 1,644,663	\$ 12,415,143	\$ 3,227,850	\$ 616,758	\$ 3,844,608	\$ 16,259,751	\$ 15,819,237
Professional services and agreements	31,292,112	28,515	2,492,491	33,813,118	505,159	12,000	517,159	34,330,277	37,190,192
Meetings, travel, conferences, and services	282,668	-	168,561	451,229	186,048	10,493	196,541	647,770	126,777
Rent and utilities	689,813	24,913	126,903	841,629	234,708	50,131	284,839	1,126,468	1,132,498
Office operations	148,656	840	68,595	218,091	371,898	21,260	393,158	611,249	606,373
IT and telecommunications	513,466	12,342	73,754	599,562	557,660	25,403	583,063	1,182,625	1,141,888
Legal and government fees	591,097	140,402	7,635	739,134	55,680	-	55,680	794,814	527,666
Audit and finance	30,000	-	-	30,000	123,496	-	123,496	153,496	128,878
Grants	-	-	263,496	263,496	-	-	-	263,496	353,118
Depreciation and amortization	244,268	9,148	46,644	300,060	85,979	18,435	104,414	404,474	403,978
Total expenses	\$ 44,011,395	\$ 767,325	\$ 4,892,742	\$ 49,671,462	\$ 5,348,478	\$ 754,480	\$ 6,102,958	\$ 55,774,420	\$ 57,430,605

See accompanying notes to the financial statements.

The Global Alliance for TB Drug Development, Inc

Statement of Cash Flows

<i>For the years ended December 31,</i>	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (460,054)	\$ 1,182,647
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	404,474	403,978
Unrealized and realized losses on investments, net	303,061	-
Changes in assets and liabilities:		
Grants and contributions receivable	(320,381)	(1,111,185)
Prepaid expenses and other assets	(93,087)	2,001,509
Accounts payable and accrued expenses	1,326,277	(3,049,439)
Deferred revenue	(11,740,140)	(1,728,073)
Net cash used in operating activities	(10,579,850)	(2,300,563)
Cash flows from investing activities		
Purchases of fixed assets	(671,509)	-
Purchases of investments	(10,560,527)	-
Proceeds from sale of investments	496,224	-
Net cash used in investing activities	(10,735,812)	-
Net decrease in cash, cash equivalents, and restricted cash	(21,315,662)	(2,300,563)
Cash, cash equivalents, and restricted cash, beginning of year	181,065,855	183,366,418
Cash, cash equivalents, and restricted cash, end of year	\$ 159,750,193	\$ 181,065,855

See accompanying notes to the financial statements.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

1. Organization

The Global Alliance for TB Drug Development, Inc. (TB Alliance) is a nonprofit organization incorporated on July 24, 2000 under the General Corporation Law of Delaware and authorized to conduct business in New York under the Not-for-Profit Corporation Law of New York. It operates as a not-for-profit, with offices in New York, New York and Pretoria, South Africa.

TB Alliance is a product development partnership committed to accelerating the discovery, development, and delivery of new tuberculosis drugs that will shorten treatment, be effective against susceptible and resistant strains, be compatible with antiretroviral therapies for those Human Immunodeficiency Virus (HIV)-TB patients currently on such therapies, and improve treatment of latent infection.

Working with public and private partners worldwide, TB Alliance is leading the development of the most comprehensive portfolio of TB drug candidates in history. It is committed to ensuring that approved new regimens are affordable, adopted, and available to those who need them.

TB Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and from state and local taxes under comparable laws. In addition, TB Alliance has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a) of the Code.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit entities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as the disclosure of contingencies at the date of the financial statements. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

TB Alliance considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash equivalents. At December 31, 2022, TB Alliance held restricted cash of \$1,437,657 as collateral under the terms of its lease agreements for the national office.

Grants and Contributions Receivable and Provision for Doubtful Accounts

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. At December 31, 2022, management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

Investments

Investments are reported at fair value based on quoted market prices. TB Alliance's investments consist of equity securities, mutual funds, and fixed-income securities. Cash and cash equivalents held as part of TB Alliance's investment portfolio are also included in the balances reported as investments.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to the proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing an investment's cost to its fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

TB Alliance's policy is to sell donated securities immediately and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the service fees of the investment manager and the custodian. The balances of investment management fees disclosed in Note 3 are those specific fees charged by TB Alliance's investment manager and do not include those fees that are embedded in various other investment accounts and transactions.

Fixed Assets

Fixed assets are reported at their costs on the dates of acquisition, or at their fair values on the dates of donation, net of accumulated depreciation and amortization. Minor costs of repairs and maintenance are expensed as incurred. TB Alliance capitalizes assets that have a cost of \$5,000 or greater and that have a useful life greater than one year. Depreciation is provided using a straight-line method over the period of three to five years for computer equipment and furniture and equipment. Amortization of leasehold improvements is provided using a straight-line method over the estimated useful lives of the improvements or the remaining lives of the leases, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. There were no triggering events during 2022 that would require management to test for impairment or require any adjustments to fixed assets. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Accrued Vacation

Accrued vacation is a liability that represents TB Alliance's obligation for the cost of unused employee vacation time in the event an employee departs; the obligation is recalculated every year. At December 31, 2022, the accrued vacation obligation was \$688,829 and was reported as part of accounts payable and accrued expenses on the statement of financial position.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

Deferred Revenue

TB Alliance receives funds in advance, which primarily consist of cash received on conditional grants that have not been expended at year-end and thus have not met the revenue recognition criteria. The entire balance of deferred revenue is expected to be earned in 2023.

Net Asset Classification

TB Alliance's net assets and its support, revenue, and expenses are based on the existence or absence of donor-imposed restrictions. The amounts are classified in either of the two classes of net assets defined below and displayed in the statement of financial position, and the amounts of change in each of those classes of net assets are displayed in the statement of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of TB Alliance. Expenses are reported as decreases in net assets without donor restrictions.

With Donor Restrictions - This class consists of net assets with donor restrictions whose use is limited by donor-imposed time and/or purpose restrictions. TB Alliance reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of December 31, 2022, TB Alliance had no net assets with donor restrictions.

Grants and Contributions

Grants from government agencies are recorded based on the terms of the grant agreement, which generally provide that revenue is earned when the allowable costs or units of service of specific grant provisions have been incurred or provided.

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions. When a donor restriction expires—that is, when a time restriction ends, or purpose restriction is fulfilled—these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and utilized in the current year are reflected in the statement of activities in the class of net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized per program in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program and supporting services expenses are allocated based on a calculation of the ratio of employee time spent on each functional program. Salary costs and indirect expenses, such as depreciation, rent, utilities, information technologies, telecommunications, and other general office expenses, are also calculated using this time allocation method.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

The following is a description of TB Alliance's programs:

Research and Development - TB Alliance creates and manages a portfolio of new anti-tuberculosis drug candidates by identifying, evaluating, and acquiring promising molecules from scientific laboratories worldwide and, under the direction of in-house scientific leadership, leads their preclinical and clinical development with public and private partners. Further, TB Alliance develops novel regimens combining multiple drugs with the objective of introducing improved TB treatment regimens.

Business Development - TB Alliance negotiates, implements, and manages agreements with public and private organizations worldwide and does so by adhering to sound business practices while ensuring the public good. Specifically, TB Alliance negotiates terms that support the development and access of new affordable anti-TB drugs equitably to those areas most in need while encouraging the private sector to help develop new medicines for TB indications.

Public Affairs and Policy - TB Alliance manages critical alliances with public and private organizations to raise awareness about tuberculosis and advocate for public and private involvement in research for new anti-TB medicines. It develops landmark studies to support policy developments seeking to accelerate anti-TB drug research and mobilizes networks of researchers and investigators worldwide to focus on the development of these medicines. TB Alliance also engages directly with national TB programs and multilateral institutions to accelerate global adoption of TB Alliance's novel TB treatment regimens. It works in close collaboration with private sector partners and employs novel mechanisms like volume guarantees in keeping with the organization's "AAA mandate" that all new products are adopted, available, and affordable to all in need.

Income Taxes

TB Alliance is subject to the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. TB Alliance does not believe it has taken any material uncertain tax positions and, due to its general not-for-profit status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on TB Alliance's financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject TB Alliance to a concentration of credit risk consist principally of investments held at credit-worthy, high-quality financial institutions. At various times during the year, TB Alliance had cash deposits at financial institutions that exceeded the Federal Deposit Insurance Corporation insurance limit. TB Alliance has not experienced any losses in such accounts, and management does not believe TB Alliance is exposed to any significant credit risk on cash and cash equivalents.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. Accordingly, such information should be read in conjunction with the prior-year financial statements from which the summarized information was derived. With respect to the statement of functional expenses, the prior-year expenses by expense classification are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

Reclassifications

Certain prior-year balances have been reclassified to be consistent with the current-year financial statement presentation.

Foreign Currency Translation

All elements of the financial statements reflecting TB Alliance's operations in South Africa are translated into U.S. dollars using the applicable exchange rate. For assets and liabilities, this is the rate in effect at the statement of financial position date, except for fixed assets, which are measured at the historical rate. For revenue and expense items, translation is performed monthly using the average rate for the month. Foreign currency is translated in accordance with the provisions of ASC 830, *Foreign Currency Matters*. Under the provisions of ASC 830, the local currency used in TB Alliance's foreign operations is considered to be the functional currency of these operations.

Accounting Pronouncements Recently Adopted

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, and if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU are applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021; accordingly, TB Alliance adopted the standard for the year ended December 31, 2022, and this accounting guidance did not have a material effect on TB Alliance's financial statements.

Accounting for Leases (Topic 842)

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Accounting for Leases*, as amended, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities, as well as

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. TB Alliance adopted the standard for the year ended December 31, 2022, and this accounting guidance did not have a material effect on TB Alliance's financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit loss standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables; contract assets recognized as a result of applying *Revenue from Contracts with Customers* (ASC 606); loans; and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred-loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the impact of this ASU on its financial statements.

3. Investments and Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy for fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.

Level 2 - Valuations are based on: (i) quoted prices for similar investments in active markets; (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the assets and liabilities; or (ii) the assets and liabilities cannot be independently valued.

TB Alliance's investments are subject to various risks, such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

The following table is a summary of the fair values of investments at year-end, in accordance with the ASC Topic 820 hierarchy levels:

December 31, 2022

	Level 1	Level 2	Total
Government bonds	\$ -	\$ 682,369	\$ 682,369
Corporate bonds	-	162,248	162,248
Equity securities	2,433,102	-	2,433,102
Mutual funds:			
Fixed income	4,629,072	-	4,629,072
Equities	1,645,404	-	1,645,404
	<u>\$ 8,707,578</u>	<u>\$ 844,617</u>	<u>9,552,195</u>
Cash and cash equivalents			209,047
Total			\$ 9,761,242

During the year, net investment loss consisted of the following:

Year ended December 31, 2022

Interest and dividends	\$ 76,385
Investment management fees	(11,470)
Unrealized losses	(281,615)
Realized losses	(21,446)
Total Investment Loss	\$ (238,146)

4. Fixed Assets, Net

Fixed assets consisted of the following:

December 31, 2022

Computer equipment	\$ 673,089
Furniture and equipment	458,251
Leasehold improvements	3,689,314
Work-in-progress	671,509
Total Fixed Assets	5,492,163
Less: accumulated depreciation and amortization	(4,767,787)
Fixed Assets, Net	\$ 724,376

As of December 31, 2022, the total commitments to complete work-in-progress related to the new office space amounted to approximately \$2,500,000. The work-in-progress is expected to be completed during the fiscal year 2023.

Depreciation and amortization expense for the year ended December 31, 2022 was \$404,474.

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

5. Lease Commitments

TB Alliance has operating lease agreements for office space in New York, New York and Pretoria, South Africa. On September 27, 2019, TB Alliance signed the second amendment to its New York office lease for an additional three years and one month, commencing on January 1, 2020 and ending on January 31, 2023. On April 27, 2022, TB Alliance signed the second amendment to its Pretoria, South Africa office lease for an additional three years and one month, commencing on May 1, 2022 and ending on April 30, 2025.

The following is a schedule of future minimum rental payments under those lease agreements as of December 31, 2022:

Year ending December 31,

2023	\$	115,862
2024		19,071
2025		6,468

Rent expense for the year ended December 31, 2022 amounted to \$1,073,441 and is included in rent and utilities in the statement of functional expenses.

On June 2, 2022, TB Alliance signed a 15-year lease agreement, commencing in July 2023, for new office space in New York, New York, containing provisions for future rent increases and rent-free periods, which are not included in the chart above.

6. Employee Benefit Plan

TB Alliance offers a 401(k) plan to all employees meeting certain qualifications. Under the terms of the plan, employees are allowed to contribute either as a pre-tax deferral or a Roth elective deferral subject to annual limitations imposed by the Code. TB Alliance matches 50% of the first 3% of pay contributed through the employee's salary deferral. Discretionary and qualified non-elective contributions are also made to the 401(k) plan. Employee benefit plan expense was \$1,173,933 for the year ended December 31, 2022.

7. Liquidity and Availability of Resources

TB Alliance's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Year ended December 31, 2022

Cash and cash equivalents	\$	158,312,536
Contributions and grants receivable		5,333,614
Investments		9,761,242
Total Financial Assets Available to Management for General Expenditure Within One Year	\$	173,407,392

The Global Alliance for TB Drug Development, Inc

Notes to the Financial Statements

Liquidity Management

As part of TB Alliance's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, TB Alliance invests cash in excess of daily requirements in short-term, liquid investments to help manage unanticipated liquidity needs.

8. Subsequent Events

TB Alliance's management has performed subsequent events procedures through June 20, 2023, which is the date the financial statements were available to be issued. TB Alliance is not aware of any subsequent events that would require recognition or disclosure in the financial statements.