

**The Global Alliance
for TB Drug Development, Inc.**

Financial Statements
Year Ended December 31, 2020

The Global Alliance for TB Drug Development, Inc.

Financial Statements
Year Ended December 31, 2020

The Global Alliance for TB Drug Development, Inc.

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Independent Auditor's Report

The 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, 2020, 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 the TB Alliance as of December 31, 2020, 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 the TB Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 the 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 the 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 the TB Alliances' 2019 financial statements and our report, dated June 26, 2020, 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, 2019 is consistent, in all material respects with the audited financial statements from which it was derived.

BDO USA, LLP

June 22, 2021

The Global Alliance for TB Drug Development, Inc.

Statement of Financial Position (with comparative totals for 2019)

<i>December 31,</i>	2020	2019
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 182,104,899	\$ 181,417,151
Contributions and grants receivable (Note 2)	3,902,048	2,599,085
Security deposits	59,697	60,142
Prepaid expenses and other assets	2,966,179	3,455,762
Total Current Assets	189,032,823	187,532,140
Restricted Cash (Note 2)	1,261,519	1,260,892
Fixed Assets, Net (Notes 2 and 4)	861,319	625,849
Total Assets	\$ 191,155,661	\$ 189,418,881
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 12,587,131	\$ 12,118,780
Deferred revenue (Note 2)	13,887,313	12,606,418
Total Current Liabilities	26,474,444	24,725,198
Deferred Rent	223,291	5,893
Total Liabilities	26,697,735	24,731,091
Commitments and Contingencies (Notes 7 and 8)		
Net Assets		
Without donor restrictions (Note 2)	164,457,926	164,687,790
Total Liabilities and Net Assets	\$ 191,155,661	\$ 189,418,881

See accompanying notes to financial statements.

The Global Alliance for TB Drug Development, Inc.

Statement of Activities (with comparative totals for 2019)

<i>Year ended December 31,</i>	2020	2019
	Without Donor Restrictions	
Public Support and Other Revenue		
Contributions	\$ 58,730,657	\$ 67,327,647
Grants	1,516,681	960,390
Interest and dividend income	1,164,476	1,399,584
Sale of capital asset (Notes 3 and 8)	-	105,000,000
Miscellaneous income	67,753	186,278
Total Public Support and Other Revenue	61,479,387	174,873,899
Expenses		
Program services (Note 2):		
Research and development	51,422,726	59,508,295
Business development	498,136	469,270
Public affairs and policy	4,423,135	3,821,906
Total Program Services	56,343,997	63,799,471
Supporting services:		
Management and general	4,411,930	4,423,209
Fundraising	964,462	1,312,399
Total Supporting Services	5,376,392	5,735,608
Total Expenses	61,720,389	69,535,079
Change in Net Assets, before foreign translation gain (loss)	(241,002)	105,338,820
Foreign Translation Gain (Loss) (Note 2)	11,138	(60,798)
Change in Net Assets	(229,864)	105,278,022
Net Assets Without Donor Restrictions, beginning of year	164,687,790	59,409,768
Net Assets Without Donor Restrictions, end of year	\$ 164,457,926	\$ 164,687,790

See accompanying notes to financial statements.

The Global Alliance for TB Drug Development, Inc.

Statement of Functional Expenses
(with comparative totals for 2019)

Year ended December 31,

	Program Services				Supporting Services			Total	
	Research and Development	Business Development	Public Affairs and Policy	Total	Management and General	Fundraising	Total	2020	2019
Salaries and Related Expenses									
Salaries, benefits and taxes	\$ 9,408,717	\$ 321,469	\$ 1,611,574	\$ 11,341,760	\$ 2,609,959	\$ 796,790	\$ 3,406,749	\$ 14,748,509	\$ 14,649,393
Total Salaries and Related Expenses	9,408,717	321,469	1,611,574	11,341,760	2,609,959	796,790	3,406,749	14,748,509	14,649,393
Other Expenses									
Professional services and agreements	40,001,053	15,534	2,177,401	42,193,988	341,076	-	341,076	42,535,064	49,111,618
Meetings, travel, conferences and services	129,705	103	36,699	166,507	39,309	32,808	72,117	238,624	1,387,055
Rent and utilities	671,663	15,296	137,398	824,357	225,206	74,147	299,353	1,123,710	1,314,035
Office operations	135,428	975	51,760	188,163	457,169	7,712	464,881	653,044	695,802
IT and telecommunications	499,956	8,174	97,429	605,559	547,882	40,412	588,294	1,193,853	1,117,524
Legal and government fees	396,803	134,048	13,568	544,419	62,996	-	62,996	607,415	637,644
Audit and finance	-	-	-	-	88,221	-	88,221	88,221	92,463
Grants	63,237	-	272,367	335,604	600	-	600	336,204	522,336
Depreciation and amortization	116,164	2,537	24,939	143,640	39,512	12,593	52,105	195,745	7,209
Total Other Expenses	42,014,009	176,667	2,811,561	45,002,237	1,801,971	167,672	1,969,643	46,971,880	54,885,686
Total Expenses	\$ 51,422,726	\$ 498,136	\$ 4,423,135	\$ 56,343,997	\$ 4,411,930	\$ 964,462	\$ 5,376,392	\$ 61,720,389	\$ 69,535,079

See accompanying notes to financial statements.

The Global Alliance for TB Drug Development, Inc.

Statement of Cash Flows (with comparative totals for 2019)

<i>Year ended December 31,</i>	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (229,864)	\$ 105,278,022
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of capital asset	-	(105,000,000)
Depreciation and amortization	195,745	7,209
(Increase) decrease in:		
Contributions, grants and other receivables	(1,302,963)	(2,387,669)
Prepaid expenses and other assets	490,028	(1,004,312)
Increase (decrease) in:		
Accounts payable and accrued liabilities	468,351	3,296,690
Deferred revenue	1,280,895	5,668,010
Deferred rent	217,398	4,621
Net Cash Provided by Operating Activities	1,119,590	5,862,571
Cash Flows from Investing Activities		
Proceeds from sale of capital asset	-	105,000,000
Purchase of fixed assets	(431,215)	(604,721)
Net Cash (Used in) Provided by Investing Activities	(431,215)	104,395,279
Net Increase in Cash and Cash Equivalents	688,375	110,257,850
Cash, Cash Equivalents, and Restricted Cash, beginning of year	182,678,043	72,420,193
Cash, Cash Equivalents, and Restricted Cash, end of year	\$ 183,366,418	\$ 182,678,043

See accompanying notes to financial statements.

The Global Alliance for TB Drug Development, Inc.

Notes to 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, Pretoria, South Africa and Brussels, Belgium.

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 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.

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.

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 restriction and reported in the statement of activities as net assets released from restrictions. As of December 31, 2020, TB Alliance had no net assets with donor restrictions.

Cash and Cash Equivalents

TB Alliance considers short-term investments with original maturities of three months or less to be cash equivalents.

The Global Alliance for TB Drug Development, Inc.

Notes to Financial Statements

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (ASU 2016-18). ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents and restricted cash in the statements of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash in the statement of cash flows. TB Alliance has adopted this ASU and has applied the retrospective transition method for each period presented.

For the purposes of the statement of cash flows, TB Alliance considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. At various times during the year, TB Alliance may have deposits at financial institutions that exceed federally insured limits. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal. Cash, cash equivalents and restricted cash consist of the following:

<i>December 31,</i>	2020
Cash and cash equivalents	\$ 182,104,899
Restricted Cash	1,261,519
Total	\$ 183,366,418

Restricted Cash

Restricted cash consists of cash and cash equivalents held by banks and maintained as collateral under the terms of its lease agreements for the national and regional offices.

Contributions and Grants Receivable and Provision for Doubtful Accounts

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. At December 31, 2020, management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed Assets

TB Alliance capitalizes furniture, equipment and leasehold improvements with a cost of \$5,000 or greater. The cost of furniture and equipment is depreciated over the estimated useful life of the asset and is computed using the straight-line method. Leasehold improvements are amortized over the term of the related lease or the life of the asset—whichever is shorter.

	Years
Computer equipment	3 - 5
Furniture and equipment	3 - 5
Leasehold improvements	5 - 10

Impairment of Fixed Assets

TB Alliance reviews fixed assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2020, there have been no such losses.

The Global Alliance for TB Drug Development, Inc.

Notes to Financial Statements

Income Taxes

TB Alliance is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. 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. There was no unrelated business income for 2020.

Under FASB Accounting Standards Codification (ASC) 740, *Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. TB Alliance does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. TB Alliance has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, TB Alliance has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2020, there was no interest or penalties recorded or included in the statement of activities. TB Alliance is subject to routine audits by a taxing authority.

Contributions and Grants

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 (defined by management as unrestricted amounts due in more than one year) 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.

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

Deferred Revenue

During 2020, TB Alliance received advances, 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.

Funds from the following sources were included in deferred revenue:

December 31, 2020

KFW (Germany)	\$	3,962,785
Department of Foreign Affairs and Trade (Commonwealth of Australia)		6,394,004
Japanese Global Health Innovative Technology Fund		689,125
National Philanthropic Trust		388,884
Korea International Cooperation Agency		308,228
Foreign Commonwealth and Development Office		2,134,192
Other		10,095
Total Deferred Revenue	\$	13,887,313

The Global Alliance for TB Drug Development, Inc.

Notes to Financial Statements

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 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.

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 and liabilities and the disclosures of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject TB Alliance to concentration of credit risk consist primarily of cash and cash equivalents. TB Alliance maintains its cash and cash equivalents with creditworthy, 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

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Notes to Financial Statements

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 accounting principles generally accepted in the United States of America.

Foreign Currency Translation

All elements of the financial statements reflecting TB Alliance's operations in Brussels and South Africa are translated into U.S. dollars using applicable exchange rates. For assets and liabilities, this is the rate in effect at the statement of financial position date, with the exception of 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.

Translation of the financial statements of these operations resulted in a translation gain as follows:

December 31, 2020

Cumulative Translation Gain Adjustment, beginning of year	\$	43,726
Translation adjustment		11,138
Cumulative Translation Gain Adjustment, end of year	\$	54,864

The cumulative translation gain is included in net assets without donor restrictions.

Reclassifications

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

Accounting Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its ROU underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for TB Alliance's fiscal years beginning after December 15, 2021, with early adoption permitted.

Entities are required to use a modified retrospective approach for leases that exist at, or are entered into after, the beginning of the earliest comparative period in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of this ASU on its financial statements.

The Global Alliance for TB Drug Development, Inc.

Notes to Financial Statements

3. Revenue Recognition

TB Alliance adopted ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), on January 1, 2019. TB Alliance recognizes revenue when control of the promised services is transferred to outside parties in an amount that reflects the consideration they expect to be entitled to in exchange for those services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

TB Alliance has identified the 2019 sale of a priority review voucher (PRV) in the amount of \$105,000,000, which has been capitalized and presented in the financial statements as a capital asset, as an exchange transaction subjected to ASC 606.

The revenue recognized as the sale of a capital asset reflects an amount paid to TB Alliance in exchange for a PRV issued to the organization upon approval of its new drug application for pretomanid. Since TB Alliance's performance obligation was satisfied when the sale occurred, revenue was recognized at a point in time. TB Alliance has no further contractual obligations to satisfy.

4. Fixed Assets, Net

A summary of fixed assets follows:

December 31, 2020

Computer equipment	\$	678,041
Furniture and equipment		467,777
Leasehold improvements		3,689,314
Total Fixed Assets		4,835,132
Less: accumulated depreciation and amortization		(3,973,813)
Fixed Assets, Net	\$	861,319

Depreciation expense for the year ended December 31, 2020 was \$195,745.

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.

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The following is a schedule of future minimum rental payments under those lease agreements as of December 31, 2020:

Year ending December 31,

2021	\$	1,197,142
2022		1,181,388
2023		97,771
2024		-

Rent expense for the year ended December 31, 2020 amounted to \$1,077,007 and included in rent and utilities in the statement of functional expenses.

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 \$1,018,162 for the year ended December 31, 2020.

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, 2020

Total Current Assets	\$	189,032,823
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Prepaid expenses and other assets		(2,966,179)
Security deposits		(59,697)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$	186,006,948

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.

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Notes to Financial Statements

8. Sale of Capital Asset

TB Alliance was awarded a PRV in August 2019 upon approval by the U.S. Food and Drug Administration of pretomanid as part of a three-drug, six-month, all-oral regimen for the treatment of people with extensively drug-resistant tuberculosis or multidrug-resistant tuberculosis who are treatment-intolerant or non-responsive. In December 2019, TB Alliance completed a sale of the PRV with an unaffiliated entity.

9. Risk and Uncertainties - COVID-19

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

TB Alliance's operations are heavily dependent on grants from government and contributions from individuals and foundation. Additionally, funding from governmental sources may be subject to budget modifications depending on appropriations by the source. TB Alliance has incurred, and is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on TB Alliance's financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. The development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 outbreak. Nevertheless, the COVID-19 outbreak presents material uncertainty and risk with respect to TB Alliance, its performance and its financial results.

CARES Act

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. TB Alliance did not receive a loan through the Paycheck Protection Program.

Given the great uncertainty as to the full magnitude of the impact that the pandemic may have on future economic and market conditions, TB Alliance is not able, at this moment, to estimate the effects of the COVID-19 outbreak on its fiscal year 2020 results of operations, financial condition, or liquidity.

The Global Alliance for TB Drug Development, Inc.

Notes to Financial Statements

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic.

TB Alliance did not defer or delay any timely payment of payroll taxes during the quarter October 1, 2020 through December 31, 2020. Management continues to examine the impact that the COVID-19 outbreak and CARES Act may have on its business.

10. Subsequent Events

TB Alliance's management has performed subsequent events procedures through June 22, 2021, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as a result of these procedures, except for the following:

On March 10, 2021, the President signed the \$1.9 trillion American Rescue Plan Act into law. TB Alliance is currently evaluating the impact of this new regulation.