Albert B. Sabin Vaccine Institute, Inc.

Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

December 31, 2020 and 2019

Albert B. Sabin Vaccine Institute, Inc.

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Albert B. Sabin Vaccine Institute, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Albert B. Sabin Vaccine Institute, Inc. ("the Institute"), which comprise the statements of financial position as of December 31, 2020 and 2019; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 internal control relevant to the entity's preparation and fair presentation 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (continued)

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 referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by* Government Auditing Standards**

In accordance with *Government Auditing Standards,* we have also issued our report, dated May 3, 2021, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Rogers + Company PLLC

Vienna, Virginia
May 3, 2021

Albert B. Sabin Vaccine Institute, Inc.

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 6,669,628	$ 6,196,092
Investments	1,557,887	1,554,363
Grants and other receivables, net	4,534,978	1,739,318
Prepaid expenses and deposits	210,032	197,831
Property and equipment, net	791,604	904,062
Patent, net	1,707,153	1,959,753
Deferred compensation asset	451,772	391,732
Total assets	$ 15,923,054	$ 12,943,151
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 2,635,445	$ 2,087,136
Deferred revenue	-	6,908
Deferred rent	1,395,925	1,520,546
Deferred compensation liability	451,772	391,732
Security deposit	-	5,969
Total liabilities	4,483,142	4,012,291
Net Assets		
Without donor restrictions	1,815,408	1,204,781
With donor restrictions	9,624,504	7,726,079
Total net assets	11,439,912	8,930,860
Total liabilities and net assets	$ 15,923,054	$ 12,943,151

Albert B. Sabin Vaccine Institute, Inc.

Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	$ -	$ 11,127,601	$ 11,127,601
Federal grants and contracts	8,548,318	-	8,548,318
Other contracts	3,425,942	-	3,425,942
Contributions	55,601	71,512	127,113
Investment return	43,943	2,618	46,561
Rental revenue	38,543	-	38,543
Released from restrictions	9,303,306	(9,303,306)	-
Total revenue and support	21,415,653	1,898,425	23,314,078
Expenses			
Program services	18,118,911	-	18,118,911
Supporting services:			
General and administrative	2,406,971	-	2,406,971
Fundraising	279,144	-	279,144
Total supporting services	2,686,115	-	2,686,115
Total expenses	20,805,026	-	20,805,026
Change in Net Assets	610,627	1,898,425	2,509,052
Net Assets, beginning of year	1,204,781	7,726,079	8,930,860
Net Assets, end of year	$ 1,815,408	$ 9,624,504	$ 11,439,912

See accompanying notes.

Albert B. Sabin Vaccine Institute, Inc.

Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Grants	$ -	$ 7,866,545	$ 7,866,545
Federal grants and contracts	576,556	222,675	799,231
Other contracts	687,989	-	687,989
Contributions	83,564	129,577	213,141
Investment return	126,170	5,265	131,435
Rental revenue	78,417	-	78,417
Other revenue	6,600	-	6,600
Released from restrictions	11,824,450	(11,824,450)	-
Total operating revenue and support	13,383,746	(3,600,388)	9,783,358
Expenses			
Program services	11,652,480	-	11,652,480
Supporting services:			
General and administrative	2,012,520	-	2,012,520
Fundraising	278,408	-	278,408
Total supporting services	2,290,928	-	2,290,928
Total expenses	13,943,408	-	13,943,408
Change in Net Assets from Operations	(559,662)	(3,600,388)	(4,160,050)
Non-Operating Activity			
Return of unspent funds	(9,787)	-	(9,787)
Total non-operating activity	(9,787)	-	(9,787)
Change in Net Assets	(569,449)	(3,600,388)	(4,169,837)
Net Assets, beginning of year	1,774,230	11,326,467	13,100,697
Net Assets, end of year	$ 1,204,781	$ 7,726,079	$ 8,930,860

See accompanying notes.

Albert B. Sabin Vaccine Institute, Inc.

Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries	$ 4,792,653	$ 540,115	$ 226,411	$ 5,559,179	$ 2,589,757	$ 803,963	$ 222,385	$ 3,616,105
Employee benefits	353,739	239,864	24,101	617,704	283,024	136,910	26,014	445,948
Payroll taxes	204,555	118,387	14,305	337,247	160,088	52,380	14,376	226,844
Professional fees	3,688,523	589,764	2,779	4,281,066	3,131,830	162,208	3,038	3,297,076
Advertising and promotions	580,304	18,220	-	598,524	760,648	2,813	-	763,461
Office supplies	6,996	22,955	215	30,166	7,764	21,975	-	29,739
Telephone	8,741	31,305	855	40,901	11,361	24,200	1,312	36,873
Postage and printing	18,024	820	38	18,882	12,082	261	13	12,356
Computer and copier	28,615	16,289	4,039	48,943	24,571	4,755	-	29,326
Rent	-	592,488	-	592,488	-	578,090	-	578,090
Insurance	9,466	48,676	-	58,142	-	43,511	-	43,511
Internet	1,401	9,659	-	11,060	335	9,624	-	9,959
Seminar and training	122	6,790	-	6,912	3,965	4,190	-	8,155
Books and publications	2,017	59	-	2,076	528	8	-	536
Dues and subscriptions	31,881	20,372	3,327	55,580	21,682	7,836	7,004	36,522
Conferences and meetings	187,601	524	-	188,125	1,037,097	12,924	-	1,050,021
Sub-recipient grants	7,837,621	-	-	7,837,621	2,893,909	-	-	2,893,909
Travel	38,766	2,265	194	41,225	440,166	6,579	3,998	450,743
Depreciation and amortization	252,600	112,458	-	365,058	252,600	116,752	-	369,352
Recruiting	71,165	13,619	2,851	87,635	16,618	7,552	-	24,170
Miscellaneous	4,121	22,342	29	26,492	4,455	15,989	268	20,712
Total Expenses	$ 18,118,911	$ 2,406,971	$ 279,144	$ 20,805,026	$ 11,652,480	$ 2,012,520	$ 278,408	$ 13,943,408

See accompanying notes.

Albert B. Sabin Vaccine Institute, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 2,509,052	$ (4,169,837)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization on property and equipment	112,458	116,752
Amortization on patent	252,600	252,600
Net change in discount on grants receivable	(4,327)	(4,242)
Unrealized and realized gain	(24,218)	(60,909)
Change in operating assets and liabilities:		
Increase in grants and other receivables	(2,791,333)	(1,333,831)
Increase in prepaid expenses and deposits	(12,201)	(28,795)
Increase in deferred compensation asset	(35,822)	(33,522)
Increase in accounts payable and accrued expenses	548,309	662,625
(Decrease) increase in deferred revenue	(6,908)	939
Decrease in deferred rent	(124,621)	(108,033)
Increase in deferred compensation liability	60,040	94,431
Decrease in security deposit	(5,969)	-
Net cash provided by (used in) operating activities	477,060	(4,611,822)
Cash Flows from Investing Activities		
Purchase of investments	(3,524)	(34,440)
Proceeds from sale of investments	-	20,095
Net cash used in investing activities	(3,524)	(14,345)
Net Increase (Decrease) in Cash and Cash Equivalents	473,536	(4,626,167)
Cash and Cash Equivalents, beginning of year	6,196,092	10,822,259
Cash and Cash Equivalents, end of year	$ 6,669,628	$ 6,196,092

See accompanying notes.

1. Nature of Operations

The Albert B. Sabin Vaccine Institute, Inc. ("the Institute") is a not-for-profit organization that was incorporated in January 1994 under the laws of the state of Maryland to operate for charitable, educational, and scientific purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). It is dedicated to continuing the work and achieving the vision of Dr. Albert Sabin to make vaccines more accessible, enable innovation, and expand immunization across the globe.

The Institute receives support in the form of contributions, sponsorships, contracts, and grants. The Institute is a leading advocate for expanding global immunization and advancing vaccine research and development. Unlocking the potential of vaccines through partnership, the Institute has built a robust ecosystem of funders, innovators, implementers, practitioners, policy makers, and public stakeholders to advance its vision of a future free from preventable diseases. As a nonprofit with more than 25 years of experience, the Institute is committed to finding solutions that last and extending the full benefits of vaccines to all people, regardless of who they are or where they live.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when incurred.

Net assets are classified as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for a reserve fund in the amount of $1,343,058 and $1,135,124 at December 31, 2020 and 2019, respectively. The purpose of the reserve fund is to help ensure the long-term ability of the Institute to meet its mission by creating an internal line of credit to maintain cash flow and financial flexibility; to enable the Institute to sustain operations through delays in payments of committed funding; and to pay for one-time, nonrecurring expenses that will build capacity, such as staff development or research and development. The target minimum reserve fund approximates six months of operating expenses on average.

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

For the purpose of the statements of cash flows, the Institute considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition are amounts intended for use as investment reserves.

Investments

Investments are stated at fair value, based on quoted market prices, and consist primarily of money market funds held for investment. All realized and unrealized gains and losses are reported as a component of investment return in the accompanying statements of activities.

Grants and Other Receivables

Grants and other receivables represent program expenditures incurred and submitted to grantor organizations for approval. All grants receivable are reflected at either net realizable value, or at net present value based on projected cash flows. Grants receivable due in more than one year initially recorded in 2020 and 2019 were discounted at an average annual rate of 2-3%, using rates that consider market and credit risk. No allowance for doubtful accounts has been recorded, as management believes that all receivables are fully collectible.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment with a cost greater than $5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Property and equipment are stated at cost, less accumulated depreciation and amortization, which is computed using the straight-line method over the assets' estimated useful lives, which range from 5 to 7 years. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses. Expenditures for maintenance and repairs are charged to expenses as incurred.

Patent

The donated patent is stated at the original assessed value, less amortization computed on the straight-line method over the estimated life of the patent.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Corporate and foundation grants and contributions are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received by the Institute. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Institute reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Institute's programs or to a future year.

Federal grants and contracts are nonreciprocal and recognized as contributions. Typically, federal grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are cost-reimbursable. Amounts received are recognized as revenue when the Institute has incurred expenditures in compliance with specific grant or contract provisions. Revenue recognized on these federal grants and contracts and on federal grants and contracts for which billings have not been presented to, or collected from, the awarding agency is included in grants and other receivables in the accompanying statements of financial position. Certain pass-through fixed fee grants are not conditioned upon certain performance obligations and are recorded as grants with restrictions in the accompanying statements of activities.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts

Revenue is recognized when the Institute satisfies a performance obligation by transferring a promised good or performing a service. The amount of revenue recognized reflects the consideration the Institute expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Institute combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Institute recognizes revenue as follows:

Other contracts revenue includes an Other Transaction Authority agreement that is reciprocal and recognized as an exchange transaction. The Institute recognizes revenue upon satisfying performance obligations that are represented by milestones.

Rental revenue is recognized at a point in time when a monthly performance obligation is transferred to the tenant. The amount recognized reflects the consideration received or expected to be received in exchange for tenants' rights of using the rented space.

Donated Goods and Services

Donations of goods are recorded as support at their estimated fair values at the date of donation. During the years ended December 31, 2020 and 2019, the Institute did not receive donated securities.

Donated services are recognized if the services received create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donations. For the years ended December 31, 2020 and 2019, the Institute received pro bono legal services in the amount of $51,013 and $104,506, respectively, which are recorded in contributions revenue and donated legal expenses in the accompanying statements of activities.

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

The Institute expenses advertising costs as incurred. Advertising costs were $47,975 and $27,054 for the years ended December 31, 2020 and 2019, respectively.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassifications have no effect on the change in net assets previously reported.

Non-Operating Activities

During the year ended December 31, 2020, there were no non-operating activities. During the year ended December 31, 2019, the Institute returned $9,787 of unspent funds to a grantor after the project had been completed.

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through May 3, 2021, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Institute strives to maintain liquid financial assets on hand to meet six months of general expenditures. Management periodically reviews the Institute's liquid asset needs and adjusts the reserve balances as necessary. Amounts in excess of operating liquidity needs are invested in short-term and highly liquid securities.

The following table reflects the Institute's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual or donor-imposed restrictions, as of December 31:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 6,669,628	$ 6,196,092
Short-term investments	1,557,887	1,554,363
Grants and other receivables, net	4,534,978	1,739,318
Total financial assets	12,762,493	9,489,773
Less: funds with restrictions	(9,624,504)	(7,726,079)
Total available for general expenditures	$ 3,137,989	$ 1,763,694

The Institute considers its Board-designated reserve fund to be available to meet cash needs for general expenditures with the Board's approval, if necessary.

Financial assets with contractual and donor-imposed restrictions represent a large part of the Institute's revenue stream. These funds are not flexible and could not be included in the funds available for general expenditures, and will be used by the Institute in line with the donor-imposed restrictions.

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Institute to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Institute maintains interest-bearing cash deposits and investments with a financial institution that exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Institute has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

The Institute derives its revenue and other support primarily from grants, contracts, and contributions from private foundations and the U.S. government. Any material change in the level of support from these organizations could affect the Institute's program activities.

5. Investments and Fair Value Measurements

The Institute follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures,* for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Institute recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Institute uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

5. Investments and Fair Value Measurements (continued)

The following table presents the Institute's fair value hierarchy for those assets measured on a recurring basis as of December 31:

	Total fair value	Level 1	Level 2	Level 3
2020:				
Investments:				
Money market funds, held for investment	$ 1,557,887	$ 1,557,887	$ -	$ -
Deferred compensation:				
Money market funds	6,836	6,836	-	-
Mutual funds	444,936	444,936	-	-
Total assets at fair value	$ 2,009,659	$ 2,009,659	$ -	$ -
2019:				
Investments:				
Money market funds, held for investment	$ 1,554,363	$ 1,554,363	$ -	$ -
Deferred compensation:				
Money market funds	53,029	53,029	-	-
Equities	28,778	28,778	-	-
Mutual funds	309,925	309,925	-	-
Total assets at fair value	$ 1,946,095	$ 1,946,095	$ -	$ -

Investment return consists of the following for the years ended December 31:

	2020	2019
Interest and dividends	$ 22,343	$ 60,049
Unrealized and realized gain	24,218	60,909
Gain on foreign currency transaction	-	10,477
Total investment return	$ 46,561	$ 131,435

5. Investments and Fair Value Measurements (continued)

The Institute did not have any investment management expenses for the years ended December 31, 2020 and 2019.

6. Grants and Other Receivables

Grants and other receivables are comprised of the following at December 31:

	2020	2019
Receivable in less than one year	$ 4,484,978	$ 1,643,645
Receivable in one to five years	50,000	100,000
Total grants and other receivables	4,534,978	1,743,645
Less: discount to present value	-	(4,327)
Grants and other receivables, net	$ 4,534,978	$ 1,739,318

7. Property and Equipment

The Institute held the following property and equipment at December 31:

	2020	2019
Leasehold improvements	$ 1,192,938	$ 1,192,938
Computer equipment and software	177,002	177,002
Furniture and equipment	152,006	152,006
Total property and equipment	1,521,946	1,521,946
Less: accumulated depreciation and amortization	(730,342)	(617,884)
Property and equipment, net	$ 791,604	$ 904,062

8. Patent

During 2015, the Institute was assigned a patent donation for a safety syringe technology from one of the original inventors. At the time of donation, the patent was valued by a professional third-party company at $2,989,800, with an estimated remaining life of 12 years and 10 months. Accumulated amortization for the years ended December 31, 2020 and 2019 was $1,282,647 and $1,030,047, respectively.

9. Commitments and Contingencies

Government Grants and Contracts

The Federal funds that the Institute receives from various agencies are subject to audit under the provisions of the respective grant and contract agreements. The ultimate determination of amounts received under these grants and contracts is based upon the allowance of costs reported to and accepted by the oversight agency. Until such grants and contracts are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

Operating Leases

On June 24, 2016, the Institute entered into an operating lease for office space at a location in Washington, DC, which commenced on February 1, 2017 and expires on January 31, 2028. This lease agreement was subsequently amended on June 26, 2017 to include additional office space. Base monthly rent payments do not include pro rata share of the building's operating expenses and real estate taxes, and are subject to a 2.5% annual increase. As a lease incentive, the landlord provided twelve months of free rent and a leasehold improvement allowance.

Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease and unamortized portion of leasehold improvements liability. Deferred rent was $1,395,925 and $1,520,546 at December 31, 2020 and 2019, respectively.

During 2018, the Institute entered into a sublease agreement to sublet a portion of its office space. The sublease commenced on May 1, 2018 and was scheduled to expire on April 30, 2021. In 2020, the sublease agreement was terminated effective June 30, 2020. The Institute paid a termination fee of $15,000 to the subtenant to incentivize the subtenant to agree to an early termination of the sublease.

9. Commitments and Contingencies (continued)

Operating Leases (continued)

Rent expense for the years ended December 31, 2020 and 2019 under all leases amounted to $572,991 and $556,847, respectively.

Future minimum lease payments under all operating leases are as follows for the years ending December 31:

2021	$ 698,543
2022	716,005
2023	733,956
2024	752,293
2025	771,119
Thereafter	1,668,249
Total	$ 5,340,165

Letter of Credit

Coinciding with entering into the office lease, the Institute issued an irrevocable letter of credit on September 21, 2016, with the new landlord listed as the beneficiary in the amount of $38,278 as a security deposit. The letter of credit was increased by an additional $14,565 with the amendment of additional space, as described above. The total security deposit at both December 31, 2020 and 2019 for the office lease and amendment was $52,843. The letter of credit will be automatically extended without amendment for one-year periods from the initial expiration date of February 1, 2018, and will not extend beyond January 31, 2028, unless by subsequent mutual agreement.

Employment Agreements

The Institute has employment agreements with two key executives. These employment agreements contain provisions for fixed salaries, performance bonuses, and other allowances, some of which are deferred. Amounts related to the deferred compensation are reflected as deferred compensation liability in the accompanying statements of financial position.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Applied Epidemiology initiatives	$ 2,443,160	$ 1,265,266
Vaccine acceptance and demand	2,251,923	357,754
Safety syringe advocacy	1,710,152	1,962,753
Flu vaccine initiatives	1,042,177	2,479,874
Boost Network	642,360	609,051
COVID vaccine access	533,074	-
Rotavirus initiatives and conferences	483,114	316,155
Ciro de Quadros vaccinology course	210,265	-
Lifecourse workshops	192,082	140,000
Vaccine ecosystem	68,431	-
Priority VAX	19,657	146,840
Meningococcal initiatives	15,168	15,168
Boost vaccinology course	12,941	65,414
Arbovirus workshop	-	192,521
Immunization	-	106,819
R&D due diligence	-	38,090
Rubella initiatives	-	25,132
Pneumococcal initiatives	-	5,242
Total net assets with donor restrictions	$ 9,624,504	$ 7,726,079

11. Retirement Plans

Defined Contribution Plan

The Institute offers a 401(k) plan to full-time employees who are 21 years of age and have completed three consecutive months of employment. Employees may participate by deferring compensation up to the Internal Revenue Service limit, which was $19,500 and $19,000 in 2020 and 2019, respectively, into the plan each year on a voluntary basis. Additionally, the Institute may elect to match a portion of the employee's contribution on an annual basis. During the years ended December 31, 2020 and 2019, the Institute's match amounted to $160,949 and $105,294, respectively.

11. Retirement Plans (continued)

Deferred Compensation Plan

During 2016, the Institute adopted a non-qualified deferred compensation plan under IRC Section 457(b) for an executive employee. An additional plan was adopted during 2017 for another executive employee. Deferred compensation and investments designated for such deferrals are only available and taxable upon termination of employment, retirement, death, or an unforeseeable emergency. Until paid or made available to the participant or beneficiary, all deferred amounts, and investment earnings related thereto, are solely the property and rights of the Institute. Investment earnings, including interest and dividends, and unrealized and realized gains and losses, are included in investment return in the accompanying statements of activities. At December 31, 2020 and 2019, the deferred compensation asset and corresponding liability totaled $451,772 and $391,732, respectively.

12. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Program expenses represent direct costs that result in the Institute fulfilling its mission. Fundraising expenses represent costs that involve seeking, soliciting, or securing grants and contributions. General and administrative expenses represent costs necessary for the operations of the Institute that are not easily identifiable with specific program or fundraising activities. The Institute utilizes direct allocation as its preferred method of allocating expenses, and it is used most often, provided it is reasonably efficient. The majority of the expenses for the Institute are allocated using the direct allocation method. Indirect allocation is used when the direct method is too burdensome, and the Institute utilizes indirect allocation for certain natural categories of expenses. The expenses that are allocated using the indirect method include salaries, employee benefits, payroll taxes, office supplies and other office-related expenses, and depreciation and amortization, among other expenses, which are allocated on the basis of estimates of time and effort.

13. Income Taxes

Under IRC Section 501(c)(3), the Institute is exempt from the payment of taxes on income other than net unrelated business income. Tax expenses approximating $-0- and $4,400 are recorded in the accompanying financial statements for the years ended December 31, 2020 and 2019, respectively, for the Institute's unrelated business activities. Contributions to the Institute are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated the Institute's tax positions and concluded that the Institute's financial statements do not include any uncertain tax positions.

14. COVID-19 Pandemic

The COVID-19 outbreak caused by the SARS-CoV-2 virus in the United States and around the world has resulted in widespread business disruptions due to the massive health toll and government lockdowns implemented in most states in order to slow down the spread of the virus. The Institute's management established an internal task force to closely monitor the situation and take a proactive stance implementing certain changes in its operations and activities in order to keep its dedicated staff safe, and to mitigate the financial impact of this pandemic. The Institute continues to execute its mission and serve communities around the world.

SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Albert B. Sabin Vaccine Institute, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albert B. Sabin Vaccine Institute, Inc. ("the Institute"), which comprise the statement of financial position as of December 31, 2020; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements; and have issued our report thereon dated May 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers + Company PLLC

Vienna, Virginia
May 3, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Albert B. Sabin Vaccine Institute, Inc.

Report on Compliance for Each Major Federal Program

We have audited Albert B. Sabin Vaccine Institute, Inc.'s ("the Institute") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended December 31, 2020. The Institute's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Institute's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibility (continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on the Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Internal Control over Compliance (continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rogers + Company PLLC

Vienna, Virginia
May 3, 2021

Albert B. Sabin Vaccine Institute, Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency/Pass-Through Agency/Program Title	Agency or Pass-Through Grant Number	Federal CFDA Number	Federal Expenditures	Subrecipient Awards
U.S. Department of Health and Human Services				
Pass-Through from U.S. Civilian Research and Development Foundation:				
PriorityVax Platform	OISE-19-65582-1	47.049	$ 127,183	$ -
Pass-Through from the Office of the Assistant Secretary for Preparedness and Response, Biomedical Advanced Research and Development Authority:				
Sudan Ebolavirus and Marburg Virus (SEAM) Vaccine Development	75A50119C00055	N/A	8,548,318	4,058,027
Total Expenditures of Federal Awards			$ 8,675,501	$ 4,058,027

See accompanying notes to the schedule of expenditures of federal awards.

Albert B. Sabin Vaccine Institute, Inc.

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Institute under the programs of the federal government for the year ended December 31, 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Institute, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Institute.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations.* The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

3. Indirect Cost Rates

The Institute records its expenditures of federal awards using the indirect cost rate set forth in the contract. Accordingly, the Institute has not elected to use the 10% *de minimis* indirect rate as allowed under the Uniform Guidance.

4. Reconciliation to Financial Statements

Reconciliation between federal expenditures per the SEFA and federal grants and contracts per the accompanying statements of activities for the year ended December 31, 2020 is as follows:

Federal expenditures per the schedule of expenditures of federal awards	$	8,675,501
Less: released from restricted fund		(127,183)
Federal grants and contracts per statement of activities	$	8,548,318

Albert B. Sabin Vaccine Institute, Inc.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I – Summary of Independent Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _______ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ Yes ___X___ None reported

Noncompliance material to financial statements noted? _______ Yes ___X___ No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _______ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ Yes ___X___ None reported

Type of auditor's report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _______ Yes ___X___ No

Identification of the major program:

Agreement Number	Name of Federal Program or Cluster
75A50119C00055	SEAM Vaccine Development

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _______ Yes ___X___ No

Albert B. Sabin Vaccine Institute, Inc.

Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2020

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2020 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no federal award findings or questioned costs reported during the 2020 audit.

Albert B. Sabin Vaccine Institute, Inc.

Corrective Action Plan
For the Year Ended December 31, 2020

There were no findings for the year ended December 31, 2020; therefore, a corrective action plan was not needed.

Albert B. Sabin Vaccine Institute, Inc.

Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

The Institute did not require a Uniform Guidance audit for the year ended December 31, 2019.