

**TREATMENT ACTION GROUP, INC.**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**DECEMBER 31, 2016 AND 2015**

DRAFT

**TREATMENT ACTION GROUP, INC.**

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## **Independent Auditor's Report**

**Board of Directors  
Treatment Action Group, Inc.**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Treatment Action Group, Inc., which comprise the balance sheet as of December 31, 2016 and 2015, and 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 the 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. 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.

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 Treatment Action Group, Inc. as of December 31, 2016 and 2015, 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.

June 6, 2017

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## TREATMENT ACTION GROUP, INC.

## BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,978,688	\$ 2,971,378
Contributions receivable (Note 3)	73,871	171,984
Prepaid expenses and other current assets	31,826	24,928
Donated artwork	404,500	381,000
Security deposits	72,463	43,015
Property and equipment - net (Note 4)	<u>30,870</u>	<u>17,666</u>
Total assets	<u>\$ 2,592,218</u>	<u>\$ 3,609,971</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ <u>74,083</u>	\$ <u>20,734</u>
Net assets (Exhibit B)		
Unrestricted	1,355,999	1,649,386
Temporarily restricted (Note 8)	<u>1,162,136</u>	<u>1,939,851</u>
Total net assets	<u>2,518,135</u>	<u>3,589,237</u>
Total liabilities and net assets	<u>\$ 2,592,218</u>	<u>\$ 3,609,971</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Contributions and grants	\$ 334,641	\$ 1,055,972	\$ 1,390,613	\$ 922,067	\$ 1,146,306	\$ 2,068,373
Special events income	\$ 294,745			\$ 245,836		
Less direct costs of special events (Exhibit C)	<u>(91,952)</u>		<u>202,793</u>	<u>(120,206)</u>		<u>125,630</u>
Other income	28,381		28,381	34,781		34,781
Interest income	1,885		1,885	2,096		2,096
Net assets released from restrictions (Note 8)	<u>1,833,687</u>	<u>(1,833,687)</u>		<u>1,883,346</u>	<u>(1,883,346)</u>	
Total revenues and other support	<u>2,401,387</u>	<u>(777,715)</u>	<u>1,623,672</u>	<u>2,967,920</u>	<u>(737,040)</u>	<u>2,230,880</u>
Expenses (Exhibit C)						
Program services (Note 10)						
HIV Project	508,856		508,856	514,502		514,502
Cure Project	144,777		144,777	163,553		163,553
Hepatitis C Virus Project	345,198		345,198	424,976		424,976
TB/HIV Project	1,155,069		1,155,069	1,045,757		1,045,757
U.S. and Global Health Policy Project	<u>15,404</u>		<u>15,404</u>	<u>11,549</u>		<u>11,549</u>
Total program services	<u>2,169,304</u>		<u>2,169,304</u>	<u>2,160,337</u>		<u>2,160,337</u>
Supporting services						
Management and general	304,774		304,774	174,134		174,134
Fund raising	<u>215,951</u>		<u>215,951</u>	<u>84,723</u>		<u>84,723</u>
Total supporting services	<u>520,725</u>		<u>520,725</u>	<u>258,857</u>		<u>258,857</u>
Total operating expenses	<u>2,690,029</u>		<u>2,690,029</u>	<u>2,419,194</u>		<u>2,419,194</u>
Change in net assets before loss on disposal of fixed assets	(288,642)	(777,715)	(1,066,357)	548,726	(737,040)	(188,314)
Loss on disposal of fixed assets	<u>(4,745)</u>		<u>(4,745)</u>	<u>(3,166)</u>		<u>(3,166)</u>
Change in net assets (Exhibit D)	(293,387)	(777,715)	(1,071,102)	545,560	(737,040)	(191,480)
Net assets - beginning of year	<u>1,649,386</u>	<u>1,939,851</u>	<u>3,589,237</u>	<u>1,103,826</u>	<u>2,676,891</u>	<u>3,780,717</u>
Net assets - end of year (Exhibit A)	<u>\$ 1,355,999</u>	<u>\$ 1,162,136</u>	<u>\$ 2,518,135</u>	<u>\$ 1,649,386</u>	<u>\$ 1,939,851</u>	<u>\$ 3,589,237</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016									2015	
	Program Services					Management and General	Fund Raising	Direct Costs of Special Events	Total	Total	
	HIV Project	Cure Project	Hepatitis C Virus Project	TB/HIV Project	U.S. and Global Health Policy Project						Total Program Services
Salaries	\$ 291,080	\$ 95,506	\$ 188,970	\$ 503,470		\$ 1,079,026	\$ 145,077	\$ 48,036		\$ 1,272,139	\$ 1,270,027
Payroll taxes and employee benefits	67,741	23,136	47,204	137,334		275,415	62,343	10,833		348,591	297,363
Total salaries and related expenses	358,821	118,642	236,174	640,804		1,354,441	207,420	58,869		1,620,730	1,567,390
Payroll services							6,208			6,208	5,346
Consultants	20,244	1,345	453	61,075	\$ 25	83,142	32,193	101,156		216,491	158,585
Bank charges							8,536			8,536	8,360
Conferences and meetings	10,933	5,138	16,380	23,646	2,635	58,732	884			59,616	48,132
Workshop (Note 6)	30,548	2,132	21,864	171,582		226,126				226,126	137,006
Depreciation							7,246			7,246	8,464
Direct mail expenses								13,160		13,160	7,457
Dues and subscriptions	510	985	1,532	1,784		4,811	3,065	47		7,923	9,031
Insurance				5,066		5,066	4,443			9,509	7,831
Office expenses	571	243	521	7,935	95	9,365	5,625	187		15,177	17,325
Postage	3		17	422	26	468	583	5,195		6,246	6,520
Printing and publications	15,904	1,777	7,086	30,479		55,246	3,182	10,390		68,818	61,681
Catering and venue									\$ 27,369	27,369	37,734
Artwork									51,334	51,334	38,895
Gift bags and other								12,633	13,249	25,882	51,357
Moving expenses	100		100	2,872		3,072	3,967	2,565		9,604	3,675
Occupancy (Note 9)	24,339	8,516	17,269	81,649		131,773	4,123	3,093		138,989	99,455
Information technology	618	248	837	5,112	55	6,870	6,752	4,167		17,789	19,184
Telephone	1,864	653	5,393	12,384	922	21,216	7,939	99		29,254	22,773
Travel	36,901	5,098	37,572	93,653	11,646	184,870	1,278	4,390		190,538	189,682
Grants	7,500			16,606		24,106				24,106	33,217
Bad debt							1,330			1,330	300
Total expenses	508,856	144,777	345,198	1,155,069	15,404	2,169,304	304,774	215,951	91,952	2,781,981	2,539,400
Less direct costs of special events									(91,952)	(91,952)	(120,206)
Total expenses as reported by function on Exhibit B	\$ 508,856	\$ 144,777	\$ 345,198	\$ 1,155,069	\$ 15,404	\$ 2,169,304	\$ 304,774	\$ 215,951	\$ -	\$ 2,690,029	\$ 2,419,194

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## STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2015									
	Program Services				U.S. and Global Health Policy Project	Total Program Services	Management and General	Fund Raising	Direct Costs of Special Events	Total
	HIV Project	Cure Project	Hepatitis C Virus Project	TB/HIV Project						
Salaries	\$ 293,100	\$ 109,733	\$ 255,691	\$ 525,172		\$ 1,183,696	\$ 61,044	\$ 25,287		\$ 1,270,027
Payroll taxes and employee benefits	65,635	23,406	51,443	129,077		269,561	20,848	6,954		297,363
Total salaries and related expenses	358,735	133,139	307,134	654,249		1,453,257	81,892	32,241		1,567,390
Payroll services							5,346			5,346
Consultants	27,070	1,123	18,000	58,614		104,807	36,278	17,500		158,585
Bank charges							8,360			8,360
Conferences and meetings	9,287	2,872	2,361	26,858	\$ 4,616	45,994	1,000	1,138		48,132
Workshop (Note 6)	6,596		6,282	124,128		137,006				137,006
Depreciation	1,036	385	887	1,890		4,198	4,266			8,464
Direct mail expenses								7,457		7,457
Dues and subscriptions	182	1,376	1,435	3,878	250	7,121	1,910			9,031
Insurance	429	159	367	782		1,737	6,094			7,831
Office expenses	921	431	845	6,453	682	9,332	7,993			17,325
Postage	69	41	90	764	74	1,038	524	4,958		6,520
Printing and publications	6,675	5,686	6,637	31,437	215	50,650	5,463	5,568		61,681
Catering and venue									\$ 37,734	37,734
Artwork									38,895	38,895
Gift bags and other								7,780	43,577	51,357
Moving expenses	841	312	720	1,534		3,407	192	76		3,675
Occupancy (Note 9)	22,763	8,448	19,488	41,514		92,213	5,196	2,046		99,455
Information technology	1,157	887	1,795	4,488		8,327	4,898	5,959		19,184
Telephone	1,132	1,389	5,285	10,684	368	18,858	3,915			22,773
Travel	60,109	7,305	53,650	62,767	5,344	189,175	507			189,682
Grants	17,500			15,717		33,217				33,217
Bad debt							300			300
Total expenses	514,502	163,553	424,976	1,045,757	11,549	2,160,337	174,134	84,723	120,206	2,539,400
Less direct costs of special events									(120,206)	(120,206)
Total expenses as reported by function on Exhibit B	\$ 514,502	\$ 163,553	\$ 424,976	\$ 1,045,757	\$ 11,549	\$ 2,160,337	\$ 174,134	\$ 84,723	\$ -	\$ 2,419,194

See independent auditor's report.

The accompanying notes are an integral part of these statements.



## TREATMENT ACTION GROUP, INC.

## STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (1,071,102)	\$ (191,480)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	7,246	8,464
Donated artwork	(23,500)	(38,500)
Loss on disposal of fixed assets	4,745	3,166
Decrease (increase) in assets		
Contributions receivable	98,113	1,991,131
Prepaid expenses and other current assets	(6,898)	(797)
Security deposits	(29,448)	
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	53,349	(9,789)
Net cash provided (used) by operating activities	<u>(967,495)</u>	<u>1,762,195</u>
Cash flows from investing activities		
Purchases of fixed assets	<u>(25,195)</u>	<u>(3,782)</u>
Net change in cash and cash equivalents	(992,690)	1,758,413
Cash and cash equivalents - beginning of year	<u>2,971,378</u>	<u>1,212,965</u>
Cash and cash equivalents - end of year	<u>\$ 1,978,688</u>	<u>\$ 2,971,378</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**TREATMENT ACTION GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**NOTE 1 - NATURE OF ORGANIZATION**

Treatment Action Group, Inc. ("TAG") is a not-for-profit organization incorporated under the laws of the state of New York. Founded in January 1992, TAG is an independent, activist and community-based research and policy think tank fighting for better treatment, prevention, a vaccine, and a cure for HIV, tuberculosis, and hepatitis C virus. TAG works to ensure that all people with HIV, TB, or HCV receive lifesaving treatment, care, and information. We are science-based treatment activists working to expand and accelerate vital research and effective community engagement with research and policy institutions. TAG catalyzes open collective action by all affected communities, scientists, and policy makers to end HIV, TB, and HCV.

The primary sources of revenue to TAG are contributions and grants.

TAG is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting*** - The financial statements are prepared on the accrual basis of accounting.

***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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and cash equivalents*** - Cash and cash equivalents include highly liquid financial instruments with maturities of three months or less when acquired.

***Contributions receivable and allowance for doubtful accounts*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management determines whether an allowance for uncollectibles should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, historical collections information and review of payments recorded subsequent to year end. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Donated artwork*** - Artwork inventory consists of limited-edition art prints donated by highly regarded visual artists. Inventory is recorded and carried at fair value based upon the date which the donation was received. Donated art prints used in special events are direct benefits to donors. The art prints are assessed each year for impairment.

***Property and equipment*** - Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Items with a cost in excess of \$1,000 with estimated useful lives of more than one year are capitalized.

***Unrestricted net assets*** - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

***Temporarily restricted net assets*** - Temporarily restricted net assets are those whose use by TAG has been limited by donors to a specific time period or purpose.

***Contributions and grants*** - Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***In-kind contributions*** - In-kind contributions are items that are donated to TAG for special events and fund-raising activities, and are reported at fair value at the date the contributions are received.

***Special events*** - The Fund conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received in excess of the direct costs are recorded as special events income in the accompanying statement of activities.

***Expense allocations*** - The costs of providing various programs and other activities have been summarized on a functional basis and presented in the schedule of functional expenses. Costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities.

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**TREATMENT ACTION GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Grant expense* - Grant expenses are recorded in the period that they are awarded.

*Operating leases* - Operating lease expense has been recorded on the straight-line basis over the term of the lease. Deferred rent is recorded for the difference between the fixed payment and the rent expense, if material.

*Concentration of credit risk* - Financial instruments which potentially subject TAG to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

*Uncertainty in income taxes* - TAG has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to examination by applicable taxing authorities.

*Subsequent events* - Subsequent events have been evaluated June 6, 2017, which is the date the financial statements were available to be issued.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

The contributions to be received after one year are discounted to fair value using interest rate of 3% for the years ended December 31, 2016 and 2015.

Contributions receivable consist of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Amounts due within one year	\$ 73,471	\$ 168,298
Amounts due in one to five years	<u>400</u>	<u>3,800</u>
	73,871	172,098
Less unamortized discount to present value	<u>          </u>	<u>(114)</u>
	<u>\$ 73,871</u>	<u>\$ 171,984</u>

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 4 - PROPERTY AND EQUIPMENT**

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Computers and equipment	\$ 85,110	\$ 79,685	5 years
Furniture and fixtures	<u>7,102</u>	<u>7,102</u>	5 years
	92,212	86,787	
Less: accumulated depreciation	<u>(61,342)</u>	<u>(69,121)</u>	
	<u>\$ 30,870</u>	<u>\$ 17,666</u>	

Depreciation expense for the years ended December 31, 2016 and 2015 was \$7,246 and \$8,464, respectively.

**NOTE 5 - DONATED INVENTORY, GOODS AND SERVICES**

During 2016 and 2015, TAG received donated inventory, goods and services for the Research in Action Awards event valued at \$174,221 and \$113,379, respectively. Donated inventory, goods and services are included in contribution and grants revenue on the financial statements.

**NOTE 6 - WORKSHOP EXPENSES**

Workshop expenses are travel and venue costs for people from associated organizations attending TAG-supported meetings.

**NOTE 7 - TAX-DEFERRED ANNUITY PLAN**

TAG has a tax-deferred annuity plan, qualified under Section 403(b) of the Internal Revenue Code. TAG does not contribute to the 403(b) plan. Employees may make voluntary contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

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**TREATMENT ACTION GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
HIV project	\$ 720,692	\$ 469,258
Cure project	17,400	17,600
Hepatitis C virus project	10,000	100,000
TB/HIV project	<u>414,044</u>	<u>1,352,993</u>
Total	<u>\$ 1,162,136</u>	<u>\$ 1,939,851</u>

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following restricted purposes:

	<u>2016</u>	<u>2015</u>
HIV project	\$ 446,451	\$ 498,119
Cure project	44,500	43,100
Hepatitis C virus project	224,750	285,781
TB/HIV project	<u>1,117,986</u>	<u>1,056,346</u>
Total	<u>\$ 1,833,687</u>	<u>\$ 1,883,346</u>

**NOTE 9 - COMMITMENT**

**Operating Leases**

TAG entered into a new five-year-and-three-months lease for its office in New York City on June 30, 2016 with the lease term beginning September 1, 2016 and expiring November 30, 2021. Minimum required rental payments under these operating leases are as follows:

2017	\$ 175,649
2018	180,919
2019	186,346
2020	191,936
2021	<u>180,894</u>
	<u>\$ 915,744</u>

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 9 - COMMITMENT (continued)**

Rent expense for the years ended December 31, 2016 and 2015 was \$123,662 and \$86,134, respectively.

**NOTE 10 - DESCRIPTION OF PROJECT SERVICES****HIV Project**

In 2015, approximately 36.7 million people were living with HIV, 2.1 million became newly infected, and at least 1.1 million people worldwide died of HIV disease. This immense public health failure can be attributed to a dense web of medical, political, and economic problems. The vast majority of the world's people living with HIV reside in developing countries where many obstacles prevent the widespread distribution of HIV drugs. But even the most effective existing drugs have shortcomings, and people living with HIV everywhere need better treatment strategies and, ultimately, a cure - one that can be used worldwide to end the epidemic along with a safe and effective HIV vaccine. TAG's HIV Project reviews the state of research on antiretroviral drug discovery, development, dissemination, and postmarketing surveillance. The HIV Project advocates for accelerated access to treatments; innovation in the development of treatments that are active against drug-resistant HIV; and development of HIV treatments that are easier to take, associated with fewer side effects, and affordable to health care systems and people living with HIV.

TAG's HIV Project works with community members, scientists, and policy makers to enhance public understanding of the science of HIV infection, address gaps in HIV research, critique research efforts, and foster cross-disciplinary collaborations with the aim of accelerating research on HIV pathogenesis and the development of effective immune-based therapies and preventive technologies, with a particular focus on research advocacy around a cure for HIV. Project staff also works on domestic and international treatment guidelines to ensure that formulary determinations and prescribing practices are driven by sound scientific data.

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 10 - DESCRIPTION OF PROJECT SERVICES (continued)*****HIV Project (continued)***

The HIV Project tracks and analyzes resources devoted to HIV prevention and combined prevention technologies. The project advocates for local, state, and national agencies and AIDS service organizations to have increased awareness of current prevention tools, along with myriad structural barriers slowing their uptake, in order to stop transmission of HIV and thus end the epidemic. Project members worked on New York State Governor Andrew M. Cuomo's Ending the Epidemic Task Force, which developed a statewide plan to end AIDS as an epidemic in New York State by the end of 2020. This effort is part of a broader project by community activists, policy makers, advocates, and researchers to end the epidemic by stemming new infections and ensuring that HIV-positive people receive care, are retained in active care, and remain virally suppressed. TAG's HIV Project recently completed a landmark review of the mechanisms and barriers of effective community mobilization in nine heavily affected metropolitan areas, which will serve as a cornerstone of TAG's work to strengthen and support local advocacy in the years ahead.

Finally, the HIV Project works with global and domestic partners for universal access to high-quality HIV prevention, treatment, and care programs.

***Cure Project***

TAG's Basic Science, Vaccines, and Cure Project (BSVC) works with HIV community members, scientists, and policy makers to enhance public understanding of the science of HIV infection, address gaps in HIV research, critique the research effort, and foster cross-disciplinary collaborations to accelerate research into understanding how HIV causes disease (HIV pathogenesis) and speed the development of effective immune-based therapies, vaccines, and a cure.

BSVC works to:

- Support and accelerate research into curing HIV infection.
- Promote the rigorous evaluation of new immune-based therapeutic approaches, including therapies to reduce immune activation and improve immune reconstitution.
- Accelerate the development of effective biomedical technologies to prevent HIV infections, including vaccines, microbicides, and preexposure prophylaxis.
- Communicate and explain new findings in the basic science of HIV to HIV community members and policy makers.
- Ensure that community priorities help shape research into pathogenesis, immunology, immune-based therapies, and preventive technologies.

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 10 - DESCRIPTION OF PROJECT SERVICES (continued)****Hepatitis C Virus Project**

Hepatitis C-related liver disease is a leading cause of death among people living with HIV and is a leading infectious cause of illness and death on its own. Globally, at least 2.3 million people living with HIV are coinfecting with the hepatitis C virus (HCV), while over 150 million have HCV alone. Of those, 1.3 million are people who inject drugs. HIV worsens HCV disease progression and outcomes. TAG's Hepatitis C Virus Project reviews the state of research on HCV monoinfection and coinfection. It advocates for better clinical trial designs, and access to curative treatment for all affected communities, and it continually monitors standards of care for people with HCV monoinfection and coinfection. The project works in collaboration with the HCV and HIV communities, scientists, government, and drug companies to make lifesaving information and curative hepatitis treatments universally available. Since the introduction of all-oral, short-course direct-acting antivirals (DAAs) in 2014, TAG has collaborated with partners globally to expedite universal, affordable access to these treatments.

TAG's Hepatitis Project has been at the forefront of a global HCV treatment access education and advocacy movement. The project has been instrumental in building a global coalition of activists in low- and middle-income countries who are advocating for access to these cures and for care for all people with HCV. However, due to disease progression, sobriety, and adherence restrictions imposed by governments and payers, pricing barriers, limited voluntary licensing by originator companies, and delays in drug registration, most countries cannot afford to initiate treatment programs with DAAs. Without access to affordable, high-quality generic DAAs, global targets to reduce HCV incidence and mortality will be unattainable. Most people in need of HCV treatment will remain untreated - and the epidemic will continue to spread. TAG's treatment activism shares campaign strategies and advocacy tools with partners domestically and in low- and middle-income country settings.

Community education, organizing and empowerment are a prerequisite for successful and sustainable advocacy. TAG participates in community consultations and advocates for people who are most at risk and most under-served to be involved in HCV planning and policy-making processes. Recent campaigns put harm reduction approaches as central to curbing the HCV epidemic, and these efforts include supporting the establishment of supervised injection facilities and safe consumption spaces. With hepatitis C, political will and resource mobilization are needed at the highest levels - including United Nations (UN) agencies such as the World Health Organization (WHO) and pressure must be kept on originator and generic companies to achieve price reductions and remove other access barriers.

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 10 - DESCRIPTION OF PROJECT SERVICES (continued)****TB/HIV Project**

Tuberculosis (TB), the world's deadliest infectious disease, kills 1.4 million people each year. Despite being curable, it is the leading cause of death for HIV-positive people globally. HIV significantly increases the risk for developing TB disease. People at risk for both diseases require TB and HIV services that work together. TAG's TB/HIV Project strengthens community-driven advocacy for better TB and TB/HIV research, and high-quality programs and policies worldwide. The project educates, mobilizes, and empowers communities to increase community understanding of TB/HIV coinfection and to catalyze action to reduce new infections, deaths, and suffering from TB and TB/HIV. The project works with researchers, community advocates, policy makers, and global coalitions to increase the quantity and improve the quality of research that can lead to shorter, easier TB treatment, more accurate diagnostics, and better preventive options.

The TB/HIV Project convenes and organizes the Global TB Community Advisory Board (TB CAB), a group of expert, experienced community members who participate actively in ongoing consultations with sponsors, funders, and organizers of TB products in development, particularly new treatments, new regimens, and new diagnostic test platforms and algorithms. The Project regularly advises and consults with the World Health Organization (WHO) End TB Programme, the Stop TB Partnership, UNAIDS, UNITAID, the Global Fund to Fight AIDS, Tuberculosis and Malaria, the U.S. Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), the National Institutes of Health (NIH) and particularly its National Institute of Allergy and Infectious Diseases (NIAID) and Office of AIDS Research, the Office of the Global AIDS Coordinator (OGAC) and its Scientific Advisory Board, USAID, and TB research networks and consortia such as the AIDS Clinical Trials Group (ACTG), the International Maternal Pediatric and Adolescent AIDS Clinical Trials (IMPAACT) network, the TB Trials Consortium (TBTC), and others on research agenda, study design, implementation, analysis, dissemination of results, and their translation into policies and programs.

**Cross-project Functions (Communications and Advocacy, U.S. and Global Health Policy Project)**

TAG advocates for increased global, multilateral, and U.S. government funding for research and development that can lead to better and more accessible prevention, diagnosis, treatment, or vaccines for HIV/AIDS, HCV, and TB. TAG projects work in collaboration with global and domestic health coalitions to ensure effective global HIV/AIDS, HCV, and TB programs. TAG works with global health advocates and activists in other donor and developing countries to promote and advance a common agenda of universal access to high-quality, affordable, and equitable health care services.

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**TREATMENT ACTION GROUP, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****NOTE 10 - DESCRIPTION OF PROJECT SERVICES (continued)****Cross-project Functions (Communications and Advocacy, U.S. and Global Health Policy Project) (continued)**

Each TAG project creates and publishes newsletters, project-specific publications, briefs, presentations, or toolkits that can be used for the purposes of education, advocacy, coalition building, and advancing research. TAG's flagship publication, The Pipeline Report, annually documents and critiques the state of current treatments and the development of new treatments, vaccines, and diagnostics for the disease areas covered by TAG's projects. Since 1994, TAG has also regularly published its community-based treatment advocacy magazine, TAGline, providing donors, researchers, advocates, and people with HIV, HCV, and TB with essential news, analysis, and organizing information regarding relevant issues of policy and science. TAG's website provides access to all TAG publications, free of charge, for download anywhere in the world. The website includes project updates as well as information on relevant events and conferences, press releases, past newsletters, annual reports, and analyses of developments in TAG's project areas.

TAG educates communities, allies, policymakers, researchers, and media affected by or with interest in or oversight over HIV, HCV, and TB around the United States and throughout the world about the latest developments in research, prevention, and treatment. TAG also trains and mentors leaders of community-based organizations and networks to strengthen their advocacy and scientific literacy around HIV, HCV, and TB. TAG works with individuals and organizations worldwide to spur the development of more effective global interventions against HIV, HCV, and TB and to strengthen treatment education and literacy efforts in developed and developing countries.

In 2016 and 2015, expenses for the Communications and Advocacy program were allocated among all other programs.