

ELTON JOHN AIDS FOUNDATION, INC.

(an entity of a sole member)

FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

ELTON JOHN AIDS FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Elton John AIDS Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elton John AIDS Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for each of the years 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 Elton John AIDS Foundation, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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

The Foundation's 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.

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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Foundation'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 Foundation'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 12, 2026



ELTON JOHN AIDS FOUNDATION, INC.

Statements of Financial Position

	December 31,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents (including restricted cash of \$71,230 and \$79,763 in 2025 and 2024, respectively)	\$ 6,511,829	\$ 6,556,250
Contributions receivable, net	4,415,109	4,780,227
Related-party receivable	1,423,722	597,566
Investments	14,929,787	18,946,330
Prepaid expenses and other current assets	812,809	764,412
Total current assets	28,093,256	31,644,785
Contributions receivable, net	3,342,880	5,383,666
Right-of-use asset (see Note A[8])	251,016	343,823
Security deposit	27,823	27,145
Property and equipment, net	34,582	5,498
Total assets	\$ 31,749,557	\$ 37,404,917
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 405,131	\$ 345,258
Related-party payable	850,296	-
Special event advances	287,000	1,858,138
Grants payable	9,694,836	13,506,556
Lease liability (see Note L[1])	103,619	96,679
Total current liabilities	11,340,882	15,806,631
Lease liability (see Note L[1])	168,884	272,503
Grants payable, net	2,272,981	5,275,606
Total liabilities	13,782,747	21,354,740
Commitments (Note L)		
Net assets:		
Without donor restrictions	7,717,793	5,896,389
With donor restrictions	10,249,017	10,153,788
Total net assets	17,966,810	16,050,177
Total liabilities and net assets	\$ 31,749,557	\$ 37,404,917

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.

Statement of Activities

Year Ended December 31, 2025

(with summarized financial information for the year ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
Public support and revenue:				
Contributions of financial assets	\$ 7,601,745	\$ 3,950,104	\$ 11,551,849	\$ 11,171,156
Contributions of nonfinancial assets	13,964	-	13,964	39,787
Special events (net of direct benefits to donors of \$2,900,926 and \$2,860,064 in 2025 and 2024, respectively)	5,703,082	3,038,650	8,741,732	7,908,666
Total public support and revenue before net assets released from restrictions	13,318,791	6,988,754	20,307,545	19,119,609
Net assets released from restrictions	6,893,525	(6,893,525)	-	-
Total public support and revenue	20,212,316	95,229	20,307,545	19,119,609
Operating expenses:				
Program services:				
Grants and grant oversight	13,198,149	-	13,198,149	15,508,822
Public education and community engagement	3,209,756	-	3,209,756	2,698,876
Total program services	16,407,905	-	16,407,905	18,207,698
Supporting services:				
Management and general	758,817	-	758,817	733,704
Fund-raising	2,199,914	-	2,199,914	2,022,151
Total supporting services	2,958,731	-	2,958,731	2,755,855
Total operating expenses	19,366,636	-	19,366,636	20,963,553
Change in net assets before non-operating activities	845,680	95,229	940,909	(1,843,944)
Non-operating activities:				
Investment gain, net	809,375	-	809,375	1,178,840
Foreign exchange gains (losses)	166,349	-	166,349	(6,882)
Change in net assets	1,821,404	95,229	1,916,633	(671,986)
Net assets, beginning of year	5,896,389	10,153,788	16,050,177	15,740,294
Services received from personnel of an affiliate (Note A[14])	-	-	-	981,869
Net assets, end of year	\$ 7,717,793	\$ 10,249,017	\$ 17,966,810	\$ 16,050,177

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.

Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Contributions of financial assets	\$ 5,017,553	\$ 6,153,603	\$ 11,171,156
Contributions of nonfinancial assets	39,787	-	39,787
Special events (net of direct benefits to donors of \$2,860,064)	7,908,666	-	7,908,666
 Total public support and revenue before net assets released from restrictions	 12,966,006	 6,153,603	 19,119,609
Net assets released from restrictions	5,904,822	(5,904,822)	-
 Total public support and revenue	 18,870,828	 248,781	 19,119,609
Operating expenses:			
Program services:			
Grants and grant oversight	15,508,822	-	15,508,822
Public education and community engagement	2,698,876	-	2,698,876
 Total program services	 18,207,698	 -	 18,207,698
Supporting services:			
Management and general	733,704	-	733,704
Fund-raising	2,022,151	-	2,022,151
 Total supporting services	 2,755,855	 -	 2,755,855
 Total operating expenses	 20,963,553	 -	 20,963,553
 Change in net assets before non-operating activities	 (2,092,725)	 248,781	 (1,843,944)
Non-operating activities:			
Investment gain, net	1,178,840	-	1,178,840
Foreign exchange losses	(6,882)	-	(6,882)
 Change in net assets	 (920,767)	 248,781	 (671,986)
Net assets, beginning of year	5,835,287	9,905,007	15,740,294
Services received from personnel of an affiliate (Note A[14])	981,869	-	981,869
 Net assets, end of year	 \$ 5,896,389	 \$ 10,153,788	 \$ 16,050,177

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.

Statement of Functional Expenses

Year Ended December 31, 2025

(with summarized financial information for the year ended December 31, 2024)

	Program Services			Supporting Services			Total	
	Grants and Grant Oversight	Education and Community Engagement	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2025	2024
Grants and awards	\$ 8,646,335	\$ -	\$ 8,646,335	\$ -	\$ -	\$ -	\$ 8,646,335	\$ 11,874,687
Special events:								
Staging, décor, sound and lighting	-	-	-	-	2,082,356	2,082,356	2,082,356	2,098,963
Catering and rentals	-	-	-	-	456,049	456,049	456,049	468,211
Staffing and event management	-	-	-	-	464,934	464,934	464,934	429,758
Artist costs	-	-	-	-	105,078	105,078	105,078	31,123
Security and valet	-	-	-	-	218,072	218,072	218,072	216,371
Other event costs	-	-	-	-	299,681	299,681	299,681	301,385
Salaries and employee benefits (including in-kind services personnel of an affiliate of \$981,869 in 2024)	569,731	1,618,431	2,188,162	168,454	487,614	656,068	2,844,230	2,599,189
Contractual services	121,488	450,729	572,217	48,757	138,020	186,777	758,994	984,138
Recruitment and training costs	293	43,483	43,776	9,299	4,883	14,182	57,958	205,702
Bank fees and charges	504	28,836	29,340	1,686	13,799	15,485	44,825	40,980
Professional fees	682,217	375,117	1,057,334	191,134	577,086	768,220	1,825,554	930,711
System software and hardware	33,983	61,136	95,119	148,447	11,424	159,871	254,990	207,493
Travel and meetings	49,720	78,841	128,561	16,689	27,820	44,509	173,070	162,108
Postage and delivery	120	13,257	13,377	903	7,036	7,939	21,316	19,034
Office supplies, equipment and maintenance	-	185	185	6,284	100	6,384	6,569	7,410
Advertising and publicity	72,718	502,938	575,656	64,588	177,023	241,611	817,267	1,000,286
Insurance	-	16,889	16,889	13,470	1,994	15,464	32,353	67,552
Telephone and internet	-	491	491	3,815	78	3,893	4,384	2,974
Subscriptions and miscellaneous expenses	323	3,778	4,101	2,637	676	3,313	7,414	2,788
Rent, rates and office cleaning	20,717	12,187	32,904	63,371	25,592	88,963	121,867	119,838
Depreciation and amortization	-	3,458	3,458	6,783	1,525	8,308	11,766	19,916
Bad debt expense	-	-	-	12,500	-	12,500	12,500	33,000
Subtotal expenses	10,198,149	3,209,756	13,407,905	758,817	5,100,840	5,859,657	19,267,562	21,823,617
Grant to The Elton John AIDS Foundation UK (sole member of the Foundation)	3,000,000	-	3,000,000	-	-	-	3,000,000	2,000,000
Total expenses	13,198,149	3,209,756	16,407,905	758,817	5,100,840	5,859,657	22,267,562	23,823,617
Less: direct benefits to donors	-	-	-	-	(2,900,926)	(2,900,926)	(2,900,926)	(2,860,064)
Total expenses per statements of activities	\$ 13,198,149	\$ 3,209,756	\$ 16,407,905	\$ 758,817	\$ 2,199,914	\$ 2,958,731	\$ 19,366,636	\$ 20,963,553

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.

Statement of Functional Expenses Year Ended December 31, 2024

	Program Services			Supporting Services			
	Grants and Grant Oversight	Public Education and Community Engagement	Total Program Services	Management and General	Fund- raising	Total Supporting Services	Total
Grants and awards	\$ 11,874,687	\$ -	\$ 11,874,687	\$ -	\$ -	\$ -	\$ 11,874,687
Special events:							
Staging, décor, sound and lighting	-	-	-	-	2,098,963	2,098,963	2,098,963
Catering and rentals	-	-	-	-	468,211	468,211	468,211
Staffing and event management	-	-	-	-	429,758	429,758	429,758
Artist costs	-	-	-	-	31,123	31,123	31,123
Security and valet	-	-	-	-	216,371	216,371	216,371
Other event costs	-	-	-	-	301,385	301,385	301,385
Salaries and employee benefits (including in-kind services personnel of an affiliate of \$981,869)	823,851	1,195,889	2,019,740	160,622	418,827	579,449	2,599,189
Contractual services	463,185	352,818	816,003	48,067	120,068	168,135	984,138
Recruitment and training costs	-	53,771	53,771	122,872	29,059	151,931	205,702
Bank fees and charges	2,691	24,808	27,499	2,023	11,458	13,481	40,980
Professional fees	141,977	245,650	387,627	52,917	490,167	543,084	930,711
System software and hardware	46,628	46,137	92,765	105,755	8,973	114,728	207,493
Travel and meetings	63,528	65,063	128,591	10,904	22,613	33,517	162,108
Postage and delivery	416	11,578	11,994	830	6,210	7,040	19,034
Office supplies, equipment and maintenance	105	1,396	1,501	5,433	476	5,909	7,410
Advertising and publicity	71,373	649,836	721,209	81,107	197,970	279,077	1,000,286
Insurance	-	33,640	33,640	29,601	4,311	33,912	67,552
Telephone and internet	-	-	-	2,974	-	2,974	2,974
Subscriptions and miscellaneous expenses	-	1,949	1,949	92	747	839	2,788
Rent, rates and office cleaning	20,367	11,981	32,348	62,300	25,190	87,490	119,838
Depreciation and amortization	14	4,360	4,374	15,207	335	15,542	19,916
Bad debt expense	-	-	-	33,000	-	33,000	33,000
Subtotal expenses	13,508,822	2,698,876	16,207,698	733,704	4,882,215	5,615,919	21,823,617
Grant to The Elton John AIDS Foundation UK (sole member of the Foundation)	2,000,000	-	2,000,000	-	-	-	2,000,000
Total expenses	15,508,822	2,698,876	18,207,698	733,704	4,882,215	5,615,919	23,823,617
Less: direct benefits to donors	-	-	-	-	(2,860,064)	(2,860,064)	(2,860,064)
Total expenses per statements of activities	\$ 15,508,822	\$ 2,698,876	\$ 18,207,698	\$ 733,704	\$ 2,022,151	\$ 2,755,855	\$ 20,963,553

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 1,916,633	\$ (671,986)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	11,766	19,916
Realized and unrealized (gains) losses on investments	(70,146)	890
Donated securities	(435,672)	(75,171)
Proceeds from sales of donated securities	430,171	74,041
Bad debt expense	12,500	33,000
Services received from personnel of an affiliate	-	981,869
Noncash lease amortization	92,807	88,898
Changes in:		
Contributions receivable, net	2,393,404	353,589
Related-party receivable	(826,156)	815,136
Prepaid expenses and other assets	(48,397)	(200,299)
Security deposit	(678)	(662)
Accounts payable and accrued liabilities	59,873	125,520
Related-party payable	850,296	-
Achievement of performance obligations with respect to special event advances	(1,571,138)	66,338
Grants payable, net	(6,814,345)	670,659
Lease liability	(96,679)	(90,088)
Net cash (used in) provided by operating activities	(4,095,761)	2,191,650
Cash flows from investing activities:		
Proceeds from sales of investments	37,542,616	60,930,517
Purchases of investments	(33,450,426)	(59,952,408)
Purchases of property and equipment	(40,850)	-
Net cash provided by investing activities	4,051,340	978,109
Net change in cash, cash equivalents, and restricted cash	(44,421)	3,169,759
Cash, cash equivalents, and restricted cash, beginning of year	6,556,250	3,386,491
Cash, cash equivalents, and restricted cash, end of year	\$ 6,511,829	\$ 6,556,250
Supplemental disclosures of cash flow information:		
Donated goods and services	\$ 13,964	\$ 1,021,656

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The organization:

The Elton John AIDS Foundation, Inc. (the "Foundation"), is a not-for-profit organization incorporated in 1992 in Georgia. The mission of the Foundation is to provide funding for the care and needs of individuals infected with the human immunodeficiency virus ("HIV") and education related to HIV. The Foundation is one of the leading AIDS organizations in the world and represents a powerful force working towards the end of the AIDS epidemic. The Foundation is headquartered in New York, New York.

Effective December 14, 2020, the Foundation revised its governing documents, including its Articles of Incorporation and Bylaws, such that The Elton John Aids Foundation ("EJAF UK") is the sole member of the Foundation.

The Foundation qualifies as a charitable organization as defined by Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, is exempt from federal income taxes under Section 501(a) of the Code and from state and local income taxes under comparable laws. Since the Foundation is publicly supported, contributions to the Foundation qualify for the maximum charitable contribution deduction under the Code.

[2] Basis of accounting:

The financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires the Foundation's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, other support and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

The Foundation considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents for financial reporting purposes, other than the cash equivalents that are included as part of the investment portfolio. Included in cash and cash equivalents at December 31, 2025 and 2024 is \$71,230 and \$79,763, respectively, of cash which is restricted for disbursements under a specific grant agreement, in accordance with the provisions of the subcontract.

[5] Investments:

Investments include commercial paper and fixed income securities with readily determinable fair values which have been reported at their fair value as of year-end in the statements of financial position, as well as cash equivalents.

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

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

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

Investment expenses include the services of an investment manager and custodian. The balances of investment management fees disclosed in Note C are those specific fees charged by the Foundation's investment manager in each year; however, they do not include those fees that are embedded in various other investment transactions.

Donated securities are recorded at their estimated fair values, or by their net asset values as determined by the Foundation's management on the date of donation. The Foundation's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and, when received, the proceeds generated from their sale are included as operating activities.

[6] Property and equipment:

Property and equipment are stated at their original costs at dates of acquisition, or, if contributed, at their fair values at the dates of donation, less accumulated depreciation and amortization. The Foundation capitalizes computer hardware and software, furniture and fixtures, and leasehold improvements with a cost of \$13,000 or more, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of computer hardware and software and furniture and fixtures is provided using the straight-line method over the estimated useful lives of the assets of five years. Leasehold improvements are amortized over the remaining lease term, or useful life, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events occurring which would impact property and equipment requiring management to test for, or adjust for, impairment losses during 2025 and 2024.

[7] Grants payable:

The Foundation records awards of unconditional grants as expenses and liabilities after approval by the Board of Directors ("Board"), based upon: (i) the recommendations of the Grants Panel, with the guidance and input of the Foundation's Grant Support Office; and (ii) the availability of funding. Grants which are terminated prior to completion and returned to the Foundation or grants which have been previously approved, but then canceled, are reported as non-operating activities. Unconditional grants not expected to be paid within the following year are reported at their discounted present values.

[8] Leases:

The Foundation determines if an arrangement is a lease at inception. For the Foundation's operating leases, a right-of-use ("ROU") asset represents the Foundation's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Foundation's lease agreements do not provide an implicit interest rate, the Foundation uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred. There were no variable lease costs in 2025 or 2024.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Net assets:

(i) *Net assets without donor restrictions:*

The Foundation's net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions by donors regarding their use.

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specified period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

[10] Revenue recognition:

(i) *Contributions, grants and pledges:*

Contributions to the Foundation are recognized as revenue upon the receipt of cash, unconditional pledges, or other assets. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. The Foundation's management periodically assesses the collectability of its outstanding pledges using its judgment of potential defaults. This process considers factors such as prior collection history, the type of contribution and the nature of fund-raising activity, and management provides allowances for anticipated losses, if any, when necessary.

(ii) *Special events:*

Gross proceeds paid by attendees at special events held as fundraising activities represent contribution revenue, as well as the payment of the direct costs of the benefits received by the attendee at the event, which are considered exchange revenue. Special event revenue is reported net of the direct benefits to donors. The exchange portion of the cash received is recognized as revenue when the special event takes place.

(iii) *Donated goods and services:*

From time to time, the Foundation receives various forms of gifts-in-kind and services, which are contributions of nonfinancial assets. These types of contributions are reported at their estimated fair value on the date of receipt and reported as expenses when utilized. Donated goods are valued based upon estimates of fair value that would be received for selling the goods in their principal marketplace considering their condition and utility for use at the time the goods are contributed by the donor. It is the Foundation's policy that contributions of nonfinancial assets are only utilized within operations to support the Foundation's mission and not monetized.

For recognition of donated services, such services must: (i) create or enhance non-financial assets; (ii) typically need to be acquired, if not provided by donation; (iii) require a specialized skill; and (iv) be provided by individuals possessing these skills.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Measure of operations:

The Foundation includes, in its definition of operations, all public support and revenue and expenses that are an integral part of its programs and supporting activities. Net investment gains and foreign exchanges gains and losses, are recorded as part of the Foundation's non-operating activities.

[12] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expenses for 2025 and 2024 were approximately \$817,000 and \$1,000,000, respectively.

[13] Functional allocation of expenses:

The costs of providing the Foundation's various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classifications. Accordingly, direct costs have been functionalized within the programs and supporting services, based on the nature of the expenses. Indirect costs including salaries and employee benefits, occupancy costs and depreciation and amortization have been allocated on the basis of time spent among employees.

[14] Services received from personnel of an affiliate:

EJAF UK, as disclosed in Note A[1], is the sole member of the Foundation, and provides administrative and treasury services to the Foundation. Through December 31, 2024, the Foundation recognized these services as in-kind, as such services: (i) create or enhance non-financial assets; (ii) require specialized skill; (iii) are provided by individuals possessing those skills; and (iv) typically need to be acquired if not provided by such donation. These services have been recognized at cost and are included in program, management and general, and fund-raising expenses in the accompanying statements of functional expenses. For the year ended December 31, 2024, these services have been reported as an equity transfer rather than as a contribution of non-financial assets within the accompanying statements of activities to better reflect the economic reality of the transaction which is an internal transfer of resources amongst affiliates. Beginning in 2025, the Foundation reimburses EJAF UK for these services which totaled approximately \$1,044,000 for 2025, of which approximately \$850,000 remains payable at December 31, 2025.

[15] Income tax uncertainties:

The Foundation is subject to the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for potential uncertainty in income-tax obligations. Because of the Foundation's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

[16] Subsequent events:

The Foundation evaluated subsequent events through May 12, 2026, the date on which the financial statements were available to be issued.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE B - CONTRIBUTIONS RECEIVABLES

At each year-end, net uncollected pledges of contributions and grants made to the Foundation are estimated to be received as follows:

	December 31,	
	2025	2024
Less than one year	\$ 4,427,608	\$ 4,780,227
One to five years	3,530,916	5,862,916
Six to seven years	50,000	-
	8,008,524	10,643,143
Reduction of pledges due in excess of one year to present value at discount rates ranging from 3.55% - 4.3%	(238,035)	(479,250)
Less: allowance for doubtful collections	(12,500)	-
	<u>\$ 7,757,989</u>	<u>\$ 10,163,893</u>

At December 31, 2025 and 2024, three donors accounted for approximately 66% and 75%, respectively, of total contributions receivable.

NOTE C - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,	
	2025	2024
Invested cash equivalents	\$ 3,102,341	\$ 5,701,540
Commercial paper	7,375,000	3,809,062
Corporate and foreign bonds	4,452,446	9,435,728
	<u>\$ 14,929,787</u>	<u>\$ 18,946,330</u>

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE C - INVESTMENTS (CONTINUED)

During each year-end, investment returns consisted of the following:

	Year Ended December 31,	
	2025	2024
Interest and dividends	\$ 758,999	\$ 1,202,047
Investment advisory fees	(19,770)	(22,317)
	<u>739,229</u>	<u>1,179,730</u>
Realized losses	(6,238)	(1,130)
Unrealized gains	<u>76,384</u>	<u>240</u>
	<u>70,146</u>	<u>(890)</u>
	<u>\$ 809,375</u>	<u>\$ 1,178,840</u>

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

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

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

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE C - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of the Foundation's investments at each year-end in accordance with the ASC Topic 820 valuation levels:

December 31, 2025			
	Level 1	Level 2	Total
Invested cash equivalents	\$ 3,102,341	\$ -	\$ 3,102,341
Commercial paper	-	7,375,000	7,375,000
Corporate and foreign bonds	-	4,452,446	4,452,446
	<u>\$ 3,102,341</u>	<u>\$ 11,827,446</u>	<u>\$ 14,929,787</u>

December 31, 2024			
	Level 1	Level 2	Total
Invested cash equivalents	\$ 5,701,540	\$ -	\$ 5,701,540
Commercial paper	-	3,809,062	3,809,062
Corporate and foreign bonds	-	9,435,728	9,435,728
	<u>\$ 5,701,540</u>	<u>\$ 13,244,790</u>	<u>\$ 18,946,330</u>

NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

December 31,		
	2025	2024
Office equipment and software	\$ 227,585	\$ 186,735
Less: accumulated depreciation and amortization	<u>(193,003)</u>	<u>(181,237)</u>
	<u>\$ 34,582</u>	<u>\$ 5,498</u>

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE E - GRANTS PAYABLE

At each year-end, grants payable are expected to be paid as follows:

	December 31,	
	2025	2024
In less than one year	\$ 9,694,836	\$ 13,506,556
In one to four years	2,414,151	5,640,580
Grants payable	12,108,987	19,147,136
Reduction of grants payable in excess of one year to present value at discount rates ranging from 3.55% - 4.3%	(141,170)	(364,974)
	<u>\$ 11,967,817</u>	<u>\$ 18,782,162</u>

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions were restricted for the following:

	December 31,	
	2025	2024
Purpose restricted:		
USA (A)	\$ 17,009	\$ -
RADIAN (B)	33,044	-
	50,053	-
Time-restricted for future periods	10,198,964	10,153,788
	<u>\$ 10,249,017</u>	<u>\$ 10,153,788</u>

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each year, net assets with donor restrictions were released from restrictions as follows:

	December 31,	
	2025	2024
Purpose restricted:		
USA (A)	\$ 79,991	\$ 1,337,000
RADIAN (B)	1,955,181	464,446
LGBTQ+ (C)	25,000	25,000
YP (D)	77,500	-
	2,137,672	1,826,446
Expiration of time restrictions	4,755,853	4,078,376
	<u>\$ 6,893,525</u>	<u>\$ 5,904,822</u>

- (A) Provide national and local initiatives to increase access to HIV-related resources and education in the United States.
- (B) Working towards zero new infections, zero AIDS deaths, and zero stigma and discrimination in Eastern Europe and Central Asia.
- (C) Provide support to change laws and policies and ensure LGBTQ+ people have access to equitable, non-judgmental HIV testing, treatment and care.
- (D) Provide support to young people, especially LGBTQ+ young people, adolescent girls and young women, to create one-stop shops for youth, to support both their physical and mental well-being.

NOTE G - RETIREMENT PLAN

The Foundation sponsors a 403(b) defined-contribution retirement plan (the "Plan"), for the benefit of its qualified employees. The Plan allows participants to make tax deferred contributions pursuant to Section 403(b) of the Internal Revenue Code. The Foundation offers a Safe Harbor qualified matching contribution of 100% of employee contributions up to 6% of the employees' compensation. The Foundation made discretionary matching contributions for the years ended December 31, 2025 and 2024 of \$93,998 and \$84,413, respectively.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE H - DONATED GOODS AND SERVICES

The tables below disclose the in-kind donations received in each year, as well as the valuation techniques and inputs, the existence of donor restrictions, and the utilization:

Year Ended December 31, 2025

	Recognized	Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated fundraising products	\$ 13,964	Used for benefit of attendees at the special event.	None	Reflected at market price in the principal market where consumed.

Year Ended December 31, 2024

	Recognized	Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated personnel and related services	\$ 981,839	Used for various programmatic, administrative, and fund-raising matters.	N/A	Contributed services from EJAF UK are recorded at cost.
Donated photography services	\$ 15,000	Used for benefit of attendees at the special event.	N/A	Contributed photography services are considered to reflect fair market rates for services performed.
Donated fundraising products	\$ 24,817	Used for benefit of attendees at the special event.	None	Reflected at market price in the principal market where consumed.

Volunteers:

A substantial number of Board members and volunteers have donated significant amounts of their time and support through fund-raising and participation in global events, in furtherance of the Foundation's mission. The value of this donated volunteer time is not reflected in the financial statements, as it does not meet the criteria for recognition under generally accepted accounting principles.

NOTE I - CONDITIONAL GRANT

In June 2025, the Foundation made a conditional grant of \$900,000 to fund a 12-month project to deliver HIV products in Kenya. The Foundation has recognized \$323,340 of expense from this grant through 2025, through satisfaction of the requisite conditions. No provision for future amounts that may be paid under this agreement has been included in the financial statements due to the conditional nature of the grant.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE J - RELATED-PARTY TRANSACTIONS

[1] Grants:

In 2022, the Foundation was awarded a grant from EJAF UK made pursuant to a subcontract agreement, whereby EJAF UK subcontracted with the Foundation to fulfill and monitor grants under a funding agreement received by EJAF UK. Through December 31, 2025 and 2024, the Foundation has distributed \$1,987,490 and \$446,959, respectively, under this funding agreement. At December 31, 2025 and 2024, the balance receivable was \$1,405,197 and \$597,362, respectively.

Additionally, during 2025 and 2024, the Foundation made grants to EJAF UK, its sole member, totaling \$3,000,000 and \$2,000,000, respectively. The 2025 grant and the remaining balance of \$1,000,000 from the 2024 grant were paid in 2025.

[2] Transactions with EJAF UK:

In addition to the aforementioned grants, the Foundation and EJAF UK occasionally incur expenses on each other's behalf. As of December 31, 2025 and 2024, the net balances due from EJAF UK were \$53 and \$204, respectively. Furthermore, as described in Note A[14], as of December 31, 2025 the Foundation owed EJAF UK approximately \$850,000 for administrative and treasury services.

[3] Other:

During 2024, the Foundation reimbursed various companies controlled by a member and/or family member of the Board of Directors for expenses related to travel and other costs totaling approximately \$68,000. These expenses include travel costs to New York City for David Furnish and Sir Elton John where they attended the 55th Anniversary of the Stonewall Rebellion and the grand opening of the Stonewall National Monument Visitor Center and spoke on behalf of the Foundation in support of the LGBTQ+ community. All costs of the trip were reimbursed by an unrelated party. There were no such expenses or reimbursements in 2025.

NOTE K - CONCENTRATIONS

[1] During 2025 and 2024, the Foundation received approximately 10% and 24%, in each year from one donor, respectively, of its total contributions of financial assets and special event revenue.

[2] The Foundation maintains its cash in bank accounts in amounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management monitors the risk associated with concentrations on an ongoing basis.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE L - COMMITMENTS

[1] Lease commitments:

The Foundation has a non-cancelable operating lease agreement for office space located in Manhattan. The original lease, which expired in 2023, was modified to relocate the office within the same building and extended through June 2028. In conjunction with the modified lease agreement, the landlord provided a rent credit of \$26,483. The aggregate minimum lease payments are currently being amortized using the straight-line method over the term of the lease.

The estimated future minimum annual lease payments under the lease agreements described above is as follows:

Year Ending December 31,	2025	2024
2025	\$ -	\$ 109,935
2026	112,684	112,684
2027	115,500	115,500
2028	58,463	58,463
	286,647	396,582
Less: amount representing interest	(14,144)	(27,400)
Amount reported on the statements of financial position	\$ 272,503	\$ 369,182

The following summarizes the weighted-average remaining lease term and weighted average discount rate:

	2025	2024
Weighted average remaining lease term:		
Operating lease	2.5 years	3.5 years
Weighted average discount rate:		
Operating lease	0.35%	0.35%

[2] Other contracts:

In the normal course of business, the Foundation enters into various contracts and agreements for professional and other services, which are typically renewable on a year-to-year basis.

ELTON JOHN AIDS FOUNDATION, INC.

Notes to Financial Statements December 31, 2025 and 2024

NOTE M - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of the date of the statements of financial position because of donor-imposed restrictions:

	December 31,	
	2025	2024
Cash and cash equivalents, (net of restricted cash of \$71,230 and \$79,763 in 2025 and 2024, respectively)	\$ 6,440,599	\$ 6,476,487
Contributions receivable, net	7,757,989	10,163,893
Related-party receivable	1,423,722	597,566
Investments	14,929,787	18,946,330
	<u>30,552,097</u>	<u>36,184,276</u>
Total financial assets available within one year		
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with:		
Purpose restrictions	(50,053)	-
Time-restricted for future periods	(10,198,964)	(10,153,788)
	<u>(10,249,017)</u>	<u>(10,153,788)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 20,303,080</u>	<u>\$ 26,030,488</u>

Liquidity policy:

As part of the Foundation's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, grants, liabilities, and other obligations come due.