

ELTON JOHN AIDS FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

ELTON JOHN AIDS FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Elton John AIDS Foundation, Inc.

We have audited the accompanying financial statements of Elton John AIDS Foundation, Inc. (the "Foundation") (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 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. 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 Elton John AIDS Foundation, Inc. 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.

UHY LLP

New York, New York
March 3, 2021

FINANCIAL STATEMENTS

ELTON JOHN AIDS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,605,314	\$ 3,015,252
Investments	3,998,674	13,049,312
Contributions receivable	237,894	1,482,131
Related party receivable	-	100,523
Prepaid expenses	41,731	941,038
Total current assets	<u>15,883,613</u>	<u>18,588,256</u>
Property and equipment, net	<u>123,174</u>	<u>25,444</u>
TOTAL ASSETS	<u>\$ 16,006,787</u>	<u>\$ 18,613,700</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 127,607	\$ 154,328
Related party payable	415,886	-
Deferred revenue - special events	1,379	1,276,000
Grants payable	4,313,432	3,408,230
Deferred rent	3,703	3,270
Total current liabilities	<u>4,862,007</u>	<u>4,841,828</u>
Grants payable, net of current portion	47,000	3,289,000
Deferred rent, net of current portion	<u>9,672</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,918,679</u>	<u>8,130,828</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Net assets without donor restrictions	10,723,108	10,352,872
Net assets with donor restrictions	<u>365,000</u>	<u>130,000</u>
TOTAL NET ASSETS	<u>11,088,108</u>	<u>10,482,872</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,006,787</u>	<u>\$ 18,613,700</u>

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
Special events	\$ 6,186,640	\$ -	\$ 6,186,640	\$ 6,741,882	\$ -	\$ 6,741,882
Public support and grants	2,102,501	2,429,043	4,531,544	1,907,427	130,000	2,037,427
Net assets released from restrictions	<u>2,194,043</u>	<u>(2,194,043)</u>	<u>-</u>	<u>4,991,888</u>	<u>(4,991,888)</u>	<u>-</u>
Total operating revenue	<u>10,483,184</u>	<u>235,000</u>	<u>10,718,184</u>	<u>13,641,197</u>	<u>(4,861,888)</u>	<u>8,779,309</u>
EXPENSES						
Program services						
Grants and grant oversight	5,324,749	-	5,324,749	12,142,674	-	12,142,674
Public education/advocacy	930,310	-	930,310	763,848	-	763,848
Fundraising	3,777,226	-	3,777,226	3,029,019	-	3,029,019
Management and general	<u>252,872</u>	<u>-</u>	<u>252,872</u>	<u>328,343</u>	<u>-</u>	<u>328,343</u>
Total expenses	<u>10,285,156</u>	<u>-</u>	<u>10,285,156</u>	<u>16,263,884</u>	<u>-</u>	<u>16,263,884</u>
Change in net assets before nonoperating revenue	<u>198,028</u>	<u>235,000</u>	<u>433,028</u>	<u>(2,622,687)</u>	<u>(4,861,888)</u>	<u>(7,484,575)</u>
NONOPERATING REVENUE						
Investment Income	<u>172,208</u>	<u>-</u>	<u>172,208</u>	<u>334,904</u>	<u>-</u>	<u>334,904</u>
Total nonoperating revenue	<u>172,208</u>	<u>-</u>	<u>172,208</u>	<u>334,904</u>	<u>-</u>	<u>334,904</u>
CHANGE IN NET ASSETS	370,236	235,000	605,236	(2,287,783)	(4,861,888)	(7,149,671)
NET ASSETS, Beginning	<u>10,352,872</u>	<u>130,000</u>	<u>10,482,872</u>	<u>12,640,655</u>	<u>4,991,888</u>	<u>17,632,543</u>
NET ASSETS, Ending	<u>\$ 10,723,108</u>	<u>\$ 365,000</u>	<u>\$ 11,088,108</u>	<u>\$ 10,352,872</u>	<u>\$ 130,000</u>	<u>\$ 10,482,872</u>

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services			Support Services			
	Grants and Grant Oversight	Public Education/ Advocacy	Program Services Total	Management and General	Fundraising	Support Services Total	Functional Expenses Total
Grants and awards							
Domestic independent grants	\$ 4,565,903	\$ -	\$ 4,565,903	\$ -	\$ -	\$ -	\$ 4,565,903
Total grants and awards	<u>4,565,903</u>	<u>-</u>	<u>4,565,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,565,903</u>
Operating expenses							
Special events	61,622	694,133	755,755	-	2,838,147	2,838,147	3,593,902
Salaries	370,908	64,908	435,816	74,181	417,269	491,450	927,266
Professional fees	88,513	126,591	215,104	75,031	71,597	146,628	361,732
Bad debt	22,566	3,949	26,515	4,513	192,387	196,900	223,415
Employee benefits	65,683	11,495	77,178	13,137	73,894	87,031	164,209
Rent	-	-	-	45,885	45,885	91,770	91,770
Payroll taxes	28,966	5,069	34,035	5,793	32,586	38,379	72,414
Travel and meetings	26,675	1,152	27,827	3,018	38,118	41,136	68,963
Office	4,386	2,567	6,953	25,911	11,845	37,756	44,709
Licenses and subscriptions	58,207	9,585	67,792	729	19,938	20,667	88,459
Insurance	13,926	2,437	16,363	2,785	17,067	19,852	36,215
Depreciation	5,909	7,901	13,810	1,291	6,647	7,938	21,748
Investment management	8,295	-	8,295	-	8,295	8,295	16,590
Telephone	2,583	452	3,035	517	2,906	3,423	6,458
Bank charges	607	71	678	81	645	726	1,404
Total operating expenses	<u>758,846</u>	<u>930,310</u>	<u>1,689,156</u>	<u>252,872</u>	<u>3,777,226</u>	<u>4,030,097</u>	<u>5,719,253</u>
	<u>\$ 5,324,749</u>	<u>\$ 930,310</u>	<u>\$ 6,255,059</u>	<u>\$ 252,872</u>	<u>\$ 3,777,226</u>	<u>\$ 4,030,097</u>	<u>\$ 10,285,156</u>

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services			Support Services			Functional Expenses Total
	Grants and Grant Oversight	Public Education/ Advocacy	Program Services Total	Management and General	Fundraising	Support Services Total	
Grants and awards							
Domestic independent grants	\$ 11,234,785	\$ -	\$ 11,234,785	\$ -	\$ -	\$ -	\$ 11,234,785
Total grants and awards	<u>11,234,785</u>	<u>-</u>	<u>11,234,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,234,785</u>
Operating expenses							
Special events	49,699	611,822	661,521	-	2,465,602	2,465,602	3,127,123
Salaries	354,415	45,107	399,522	51,551	193,317	244,868	644,390
Professional fees	274,819	78,323	353,142	30,522	141,899	172,421	525,563
Travel and meetings	109,889	9,934	119,823	22,260	119,733	141,993	261,816
Rent	-	-	-	110,965	-	110,965	110,965
Employee benefits	57,154	7,274	64,428	8,313	31,175	39,488	103,916
Office	16,101	7,211	23,312	40,237	16,388	56,625	79,937
Payroll taxes	23,417	2,980	26,397	3,406	12,773	16,179	42,576
Depreciation	-	-	-	33,960	-	33,960	33,960
Investment management	8,574	1,091	9,665	1,247	22,424	23,671	33,336
Licenses and subscriptions	9,372	106	9,478	5,108	13,544	18,652	28,130
Insurance	4,099	-	4,099	11,691	10,641	22,332	26,431
Telephone	145	-	145	7,937	1,353	9,290	9,435
Bank charges	205	-	205	1,146	170	1,316	1,521
Total operating expenses	<u>907,889</u>	<u>763,848</u>	<u>1,671,737</u>	<u>328,343</u>	<u>3,029,019</u>	<u>3,357,362</u>	<u>5,029,099</u>
	<u>\$ 12,142,674</u>	<u>\$ 763,848</u>	<u>\$ 12,906,522</u>	<u>\$ 328,343</u>	<u>\$ 3,029,019</u>	<u>\$ 3,357,362</u>	<u>\$ 16,263,884</u>

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 605,236	\$ (7,149,671)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	21,748	33,960
Realized gain	(188,679)	(398,323)
Unrealized loss	16,471	63,419
Donated securities	-	(303,038)
Bad debt	223,415	-
Deferred rent	10,105	(4,857)
Changes in operating assets and liabilities:		
Contributions receivable	1,020,822	(754,355)
Related party receivable	100,523	(100,523)
Prepaid expenses and other assets	899,307	(519,535)
Accounts payable and accrued expenses	(26,721)	(385,226)
Related party payable	415,886	(43,698)
Deferred revenue - special events	(1,274,621)	717,594
Grants payable	(2,336,798)	2,874,595
Net cash used in operating activities	<u>(513,306)</u>	<u>(5,969,658)</u>
INVESTING ACTIVITIES		
Proceeds from sales of investments	2,833,061	4,822,566
Investment maturities transferred to cash equivalents	6,389,785	(2,892,521)
Purchase of property and equipment	(119,478)	(13,287)
Net cash provided by investing activities	<u>9,103,368</u>	<u>1,916,758</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,590,062	(4,052,900)
CASH AND CASH EQUIVALENTS, Beginning	<u>3,015,252</u>	<u>7,068,152</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 11,605,314</u>	<u>\$ 3,015,252</u>

See notes to financial statements.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 — ORGANIZATION

The Elton John AIDS Foundation, Inc. (the "Foundation") is a 501(c)(3) not-for-profit organization incorporated in Georgia, which provides funding for care and needs of individuals infected with the human immunodeficiency virus ("HIV") and education related to HIV. The Foundation is supported primarily through public contributions. 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.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Foundation's significant accounting policies are as follows:

Basis of Accounting

The Foundation's financial statements are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Revenues are recorded in the year earned and expenses are recognized when the obligation is incurred.

Net Assets

The Foundation's net assets are classified and reported as follows:

Net assets without donor restriction which include all net assets that are not subject to donor-imposed stipulations.

Net assets with donor restriction which are comprised of assets whose use has been restricted by the donor for a particular purpose.

Cash and Cash Equivalents

The Foundation classifies all highly liquid investment instruments purchased with maturities of three months or less as cash equivalents. The Foundation maintains cash balances in two financial institutions. At times balances on deposit with the financial institutions may exceed the Federal Depository Insurance Coverage. The Foundation has not experienced any loss in such accounts. At December 31, 2020, the uninsured balance was approximately \$15,083,000.

Investments

Investments are stated at fair value with changes in the fair value of investments recorded in investment income in the statements of activities. Realized gains and losses on sale of investment securities is determined based on the specific identification method and included in investment income in the statements of activities.

Donated investment securities are recorded as contributions at their estimated fair values at the date of donation.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Foundation follows *Fair Value Measurements*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life.
- Level 3 Inputs are unobservable and cannot be corroborated by observable market data. Inputs generally reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the inputs of the model.

At December 31, 2020 and 2019, investments consisted of United States Treasury Bills, bonds, and certificates of deposits that mature within one to two years. All investments are Level 1 of the fair value hierarchy.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of five years. Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the related asset or lease term.

Contributions Receivable

Contributions receivable are stated at fair value, which is computed as the estimated present value of expected future cash flows. The Foundation provides an allowance for doubtful pledges receivable, which is based upon review of outstanding receivables, historical collection information and existing economic conditions. Delinquent pledge receivables are written-off based on the specific circumstances of the donor making the pledge. As of December 31, 2020 and 2019, the Foundation had no allowance for doubtful contributions receivable.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Foundation follows Topic 958 for revenue recognition as the Foundation's revenue primarily consists of contributions. The Foundation recognizes contributions, including unconditional promises to give to the Foundation, as revenue in the period received or pledged. Conditional promises generally depend on future events occurring before contributions are received, however, if the chance that such event will not occur is remote, the promise to give is accounted for as an unconditional promise.

Revenues from special events are recognized when the event occurs. Cash received in advance of the event is recorded as deferred revenue on the accompanying statement of financial position until the event occurs, at which time revenue is recognized.

Concentrations

At December 31, 2020, four donors accounted for 38%, 32%, 11% and 11% of contributions receivable, respectively.

At December 31, 2019, five donors accounted for 19%, 19%, 15%, 15% and 11% of contributions receivable, respectively.

At December 31, 2020, one grantee accounted for 76% of grants payable.

At December 31, 2019, one grantee accounted for 94% of grants payable.

Charitable Donations and Grants

Charitable donations and grants are recognized in the period the donation/grant is approved, provided the donation/grant is not subject to future conditions. Conditional donations/grants generally depend on future events occurring before the donation/grant is given, however, if the chance that such event will not occur is remote, the donation/grant is accounted for as unconditional. Donations/grants that are expected to be paid in future years are recorded at the present value of the expected future payments.

Special Events

Revenue and expenses from special events are recorded on the accrual basis. Expenses related to special events, other than the cost of direct benefits to donors, are shown in the accompanying statements of activities as part of fundraising expense.

Donated Services and Materials

The Foundation receives support for its operations and special events in the form of contributed professional services and other expenses which would typically need to be purchased if not contributed. Donated services and materials are reflected as contributions at their fair value when received.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation believes that there are no uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activity and functional expenses. Certain costs have been allocated among the grants and grant oversight, public education/advocacy, management and general, and fundraising categories based on management estimates.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented with consideration given to the potential impacts of the coronavirus disease (“COVID-19”) pandemic. However, actual results could differ materially from these estimates and be significantly affected by the severity and duration of the pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Subsequent Events

For the purposes of preparing these financial statements the Foundation has evaluated subsequent events through March 3, 2021, the date which these financial statements were available for issuance.

NOTE 3 — INVESTMENTS

The fair value and cost of investment, by type, are consisted of the following:

	Years Ended December 31,			
	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Fixed Income				
United States treasury bills	\$ 2,249,445	\$ 2,248,888	\$ 717,242	\$ 716,789
Bonds	1,749,229	1,747,008	7,311,315	7,310,123
Certificates of deposit	-	-	5,020,755	5,019,908
	<u>\$ 3,998,674</u>	<u>\$ 3,995,896</u>	<u>\$ 13,049,312</u>	<u>\$ 13,046,820</u>

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 — INVESTMENTS (Continued)

The following schedule summarizes the investment income included in the statements of activities:

	Years Ended December 31,	
	2020	2019
Interest and dividends	\$ 188,679	\$ 394,639
Net realized gain	-	3,684
Net unrealized (loss) gain	(16,471)	(63,419)
	<u>\$ 172,208</u>	<u>\$ 334,904</u>

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31,	
	2020	2019
Office equipment	\$ 216,861	\$ 106,506
Leasehold improvements	28,428	28,428
Furniture and fixtures	33,340	24,217
	278,629	159,151
Less accumulated depreciation	(155,455)	(133,707)
	<u>\$ 123,174</u>	<u>\$ 25,444</u>

Depreciation expense amounted to \$21,748 and \$33,960 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 — GRANTS PAYABLE

Grants payables consisted of the following:

	December 31,	
	2020	2019
Payable within one year	\$ 4,313,432	\$ 3,408,230
Payable within two to five years	47,000	3,289,000
	<u>\$ 4,360,432</u>	<u>\$ 6,697,230</u>

For the years ended December 31, 2020 and 2019, the total grant expenditures amounted to \$4,565,903 and \$11,234,785, respectively.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	December 31,	
	2020	2019
AIDS free Campaign in Atlanta	\$ 150,000	\$ 100,000
Young People in Cote D'Ivoire	150,000	-
COVID Emergency Fund	65,000	-
U-Test Initiative	-	30,000
	<u>\$ 365,000</u>	<u>\$ 130,000</u>

NOTE 7 — LIQUIDITY

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2020
Cash and cash equivalents	\$ 11,605,314
Investments	3,998,674
Contributions receivable-current	237,894
Net assets with donor restrictions	(365,000)
Grants payable	<u>(4,360,432)</u>
Available for general expenditures	<u>\$ 11,116,450</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Foundation considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8 — COMMITMENTS AND CONTINGENCIES

The Foundation has a noncancelable office lease in New York which expires in June 2023. The future minimum lease payments are subject to escalations, which are being expensed on a straight-line basis over the term of the lease. Future minimum lease payments are as follows:

Year Ended December 31,	
2021	\$ 128,772
2022	132,635
2023	67,298
	<u>\$ 328,705</u>

Rent expense for the years ended December 31, 2020 and 2019 amounted to \$121,770 and \$130,965, respectively.

A portion of the leased space is subleased to Billie Jean King Enterprises (“BJKE”), an organization affiliated by a board member. The Foundation received \$30,000 and \$12,000 for the years ended December 31, 2020 and 2019, respectively, which are reflected in rent in the Foundation’s statements of functional expenses. The sublease ended December 31, 2020.

NOTE 9 — RELATED PARTY TRANSACTIONS

The Foundation and EJAF UK share grants received and incur expenses on each other’s behalf. As of December 31, 2020 and 2019, the balances due (to) from EJAF UK amounted to (\$415,886) and \$100,523, respectively.

Payroll is allocated from EJAF UK to the Foundation for upper management who perform functions for both entities. For the years ended December 31, 2020 and 2019 the total payroll allocated amounted to \$146,145 and \$430,034, respectively.

A portion of the leased space is subleased to Billie Jean King Enterprises (“BJKE”), an organization affiliated by a board member. The Foundation received \$30,000 and \$12,000 for the years ended December 31, 2020 and 2019, respectively, which are reflected in rent in the Foundation’s statements of functional expenses. The sublease ended December 31, 2020.

As of December 31, 2020 and 2019, the Foundation also had receivables from International Friends of Elton John AIDS Foundation UK and Elton John AIDS Foundation Trading, both organizations affiliated through the sole member, of \$0 and \$860, respectively, for expenses incurred on their behalf.

On December 14, 2020, the Foundation and International Friends of Elton John AIDS Foundation UK (“International Friends”), entered into an asset transfer agreement, due to the dissolution of International Friends and International Friends transferred cash of \$79,290 to the Foundation.

ELTON JOHN AIDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10 — RETIREMENT PLAN

The Foundation sponsors a 403(b) defined contribution retirement plan available for the benefit of its qualified employees. The 403(b) 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, 2020 **and 2019** of \$62,553 and \$45,698, respectively.

NOTE 11 — COVID-19

Global and domestic responses to the coronavirus disease ("COVID-19") outbreak continue to rapidly evolve. The extent of COVID-19's effect on the Foundation's activities and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapid evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Foundation, however, through December 31, 2020 the Foundations activities have not been negatively impacted. If the pandemic continues to evolve, the disease could have a material adverse effect on the Foundation's financial position, activities and cash flows.