



GATES FOUNDATION

Consolidated Financial Statements

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

To the Trustee
Gates Foundation:

Opinion

We have audited the consolidated financial statements of Gates Foundation and its subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the change in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

KPMG LLP

Seattle, Washington
May 12, 2026

GATES FOUNDATION

Consolidated Statements of Financial Position

December 31, 2025 and 2024

(In thousands)

Assets	2025	2024
Cash	\$ 402,757	206,159
Prepaid expenses and other assets	71,769	203,314
Beneficial interest in the net assets of Foundation Trust (the Trust) (notes 3 and 4)	89,249,227	77,237,720
Program-related investment assets, net (note 6)	572,419	650,002
Property and equipment, net (note 7)	537,685	555,377
Operating lease right-of-use assets (note 12)	47,201	56,375
Total assets	\$ 90,881,058	78,908,947
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 54,731	54,612
Accrued and other liabilities	113,148	117,683
Operating lease liabilities (note 12)	53,912	64,749
Grants payable, net (note 9)	4,720,754	5,245,634
Program-related investment liabilities (note 6)	49,235	88,785
Total liabilities	4,991,780	5,571,463
Net assets:		
Without donor restrictions	85,838,414	73,256,820
With donor purpose restrictions	50,864	80,664
Total net assets	85,889,278	73,337,484
Total liabilities and net assets	\$ 90,881,058	78,908,947

See accompanying notes to consolidated financial statements.

GATES FOUNDATION

Consolidated Statements of Activities

Years ended December 31, 2025 and 2024

(In thousands)

	<u>2025</u>	<u>2024</u>
Change in net assets without donor restrictions:		
Revenues and gains:		
Contributions and other income (note 3)	\$ 3,504,290	136,195
Programmatic investment losses, net (note 2f)	(138,449)	(154,194)
Net assets released from restriction	<u>62,102</u>	<u>47,291</u>
Total revenues and net gains	<u>3,427,943</u>	<u>29,292</u>
Expenses (note 8):		
Global programs	6,620,023	6,734,945
U.S. program	796,608	661,442
Other charitable programs	175,972	173,102
Programmatic support	<u>104,387</u>	<u>97,473</u>
Total program expenses	7,696,990	7,666,962
Management and general expenses	<u>447,866</u>	<u>390,355</u>
Total expenses	<u>8,144,856</u>	<u>8,057,317</u>
Change in net assets without donor restrictions, before beneficial interest	<u>(4,716,913)</u>	<u>(8,028,025)</u>
Impact of beneficial interest in the Trust:		
Contributions from the Trust (note 3)	5,287,000	8,096,000
Change in net assets of the Trust (notes 3 and 4)	<u>12,011,507</u>	<u>2,011,874</u>
Total impact of beneficial interest	<u>17,298,507</u>	<u>10,107,874</u>
Change in net assets without donor restrictions	<u>12,581,594</u>	<u>2,079,849</u>
Change in net assets with donor purpose restrictions:		
Contributions	32,302	13,931
Net assets released from restriction	<u>(62,102)</u>	<u>(47,291)</u>
Change in net assets with donor purpose restrictions	<u>(29,800)</u>	<u>(33,360)</u>
Change in total net assets	12,551,794	2,046,489
Net assets, beginning of year	<u>73,337,484</u>	<u>71,290,995</u>
Net assets, end of year	<u>\$ 85,889,278</u>	<u>73,337,484</u>

See accompanying notes to consolidated financial statements.

GATES FOUNDATION

Consolidated Statements of Cash Flows
 Years ended December 31, 2025 and 2024
 (In thousands)

	2025	2024
Cash flows from operating activities:		
Cash received:		
Contributions from the Trust	\$ 5,287,000	8,096,000
Contributions from donors, without restrictions	3,533,254	68,759
Contributions from donors, with restrictions	75,159	38,849
Other cash received	87,484	65,677
Cash paid:		
Grants	(6,526,520)	(6,085,683)
Direct charitable support	(903,841)	(973,823)
Compensation and benefits	(797,033)	(733,452)
Other expenses	(365,928)	(376,573)
Excise taxes paid	(47,839)	(300)
Net cash provided by operating activities	341,736	99,454
Cash flows from investing activities:		
Cash received:		
Proceeds from sale and maturities of program-related investments	10,268	97,510
Cash paid:		
Funding of program-related investments	(132,788)	(154,565)
Purchases of property and equipment	(22,618)	(30,594)
Net cash used in investing activities	(145,138)	(87,649)
Net increase in cash	196,598	11,805
Cash, beginning of year	206,159	194,354
Cash, end of year	\$ 402,757	206,159

See accompanying notes to consolidated financial statements.

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(1) Organization

Gates Foundation is a tax-exempt private foundation that works to save and improve lives across the globe. In developing countries, it focuses on improving health outcomes and giving people the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people – especially those with the fewest resources – have access to the opportunities they need to succeed in school and life.

(a) Strategic Priorities

(i) Global Programs

The Foundation works with grantees and partner organizations to address critical health and development priorities – from infectious disease to agricultural development and financial services – to benefit the world’s poorest people. The Foundation invests in advances in research and development as well as innovative approaches to delivering interventions to solve some of the challenges that prevent people in low and middle-income countries from thriving.

Gates Philanthropy Partners (GPP), a 501(c)(3) public charity, was formed for the purpose of providing donors with a vehicle to co-fund ambitious solutions – backed by leading experts – that address today’s toughest challenges. As the Foundation is the single member of GPP, its financial statements have been consolidated with the accompanying consolidated financial statements.

Gates Medical Research Institute (Gates MRI), a nonprofit medical research organization co-located in Boston and Seattle, was formed for the purpose of researching and developing medical interventions for diseases that disproportionately impact the populations in low and middle-income countries, including malaria and tuberculosis. As the Foundation is the single member of Gates MRI, its financial statements have been consolidated with the accompanying consolidated financial statements.

Gates Agricultural Innovations (Gates Ag One), a nonprofit limited liability company located in the St. Louis metropolitan area works with diverse partners to accelerate breakthroughs in agricultural research and innovations to meet the urgent and neglected needs of smallholder farmers in sub-Saharan Africa and South Asia. As the Foundation is the single member of Gates Ag One, its financial statements have been consolidated with the accompanying consolidated financial statements.

(ii) U.S. Program

In the United States, the primary focus is on ensuring that all students have an opportunity to earn a degree or credential that prepares them for a successful career and life. The program seeks to increase access to better information and tools needed to tackle barriers to opportunity and to develop economic mobility strategies at the community, state and national levels.

The Foundation is organized as a charitable trust, and operates in Seattle, Washington with regional offices in Washington, D.C.; Beijing, China; Addis Ababa, Ethiopia; Berlin, Germany; New Delhi, India; Nairobi, Kenya; Abuja, Nigeria; Dakar, Senegal; Johannesburg, South Africa; and London, U.K. The Foundation’s Trustee is Bill Gates. The Foundation has a board (the “Board”)

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

which provides strategic oversight and expertise in steering the Foundation in furthering its mission. The Board is comprised of its Trustee, the Chief Executive Officer and five independent members.

The Foundation is funded by grants received from the Trustee and Gates Foundation Trust (the Trust) as explained in note 3, Related Parties. The primary role of the Trust is to manage the investment assets and fund the Foundation, as necessary, to achieve the Foundation's charitable goals.

(2) Summary of Significant Accounting Policies

(a) *Basis of Financial Presentation*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of its wholly owned subsidiaries GPP, Gates MRI, and Gates Ag One. All significant intercompany transactions and balances have been eliminated in consolidation.

The Foundation recognizes unconditional promises to give as revenue in the period received. Contributions with associated conditions are recorded as revenue when the conditions are met. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2025 and 2024, certain net assets of the Foundation's are classified as with donor-imposed restrictions. These amounts represent contributions that are limited in use in accordance with donor purpose restrictions.

(b) *Cash*

Cash consists of U.S. and foreign currencies.

(c) *Program-Related Investments (PRIs)*

The Foundation makes PRIs in other organizations to achieve charitable purposes in alignment with the Foundation's strategies. These investments are primarily comprised of loans, equity investments and guarantees.

Loan PRIs consist of loans outstanding bearing a below-market interest rate in either a senior or subordinated position. Loans are measured at fair value at inception to determine if a contribution element exists. Loans are recorded on a net basis to reflect a discount on loan receivable (if a contribution element exists) and a reasonable loss reserve. The loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed based on the Foundation's understanding of the borrower's financial health, current market conditions, and payment history.

Equity PRIs include both direct investments and investments in equity funds. Equity investments are recorded using one of the following methods of accounting: fair value, equity, or the measurement alternative, depending on the facts and circumstances of the agreement. To arrive at the recorded values under the fair value method, the Foundation utilizes readily determinable fair values, or practical expedients, to estimate fair value. The practical expedient used by the Foundation to value certain PRI equity funds is the Net Asset Value (NAV). In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

Under the equity method, the Foundation obtains regular valuations as well as audited financial statements to determine the adjustment required to revalue its share of gains and losses on its investments.

The measurement alternative is used for certain equity investments without a readily determinable fair value that do not qualify for the equity method. Under this method, the Foundation recognizes the cost of its investment as an asset, adjusts for any changes resulting from observable price changes for identical or similar investments of the same issuer, and evaluates the investment annually for impairment.

The Foundation records unrealized gains or losses throughout the life of equity investments and realized gains or losses upon liquidation or sale, which are included within programmatic losses, net on the consolidated statements of activities.

Guarantees liabilities are recorded at fair value at inception for the non-contingent obligation assumed. The fair value portion of the liability is reduced over the life of the guarantee using a systematic and rational method. Under U.S. GAAP the fair value of a guarantee at inception is the premium received or net present value of the receivable by the guarantor.

For financial guarantees the expected contingent obligation is recognized in addition to the non-contingent obligation based on expected probable credit losses.

Non-financial procurement backstop and volume guarantees are recorded at the greater of the contingent obligations that are recognized when the liability becomes probable and reasonably estimated or the carrying amount of the non-contingent liability determined at inception.

(d) Fair Value

The Foundation applies fair value accounting for all financial assets and liabilities that are recognized at fair value in the consolidated financial statements. In determining the fair value of PRIs, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date

Level 2 Inputs: Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly

Level 3 Inputs: Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(e) Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets or amortized over the terms of the respective leases, as follows:

Computer hardware and software	3 years
Vehicles	5 years
Furniture and fixtures	7 years
Building components	3–30 years
Building	40 years
Leasehold improvements	Over the life of the lease or the estimated useful life of the asset, whichever is shorter

The Foundation annually reviews the property and equipment records for impairment of value and records any adjustments necessary to reflect material impacts in value.

(f) Programmatic Investment Losses, Net

Programmatic investment losses, net is comprised of net realized and unrealized gains and losses on PRIs and interest income.

(g) Grant Expense

Grant expense is recognized in the period the grant is countersigned, provided the grant is not subject to future donor-imposed conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. On December 31, 2025 and 2024, grants payable were discounted using the year-end risk-free rate for each year grants were made, which ranged from 0.17% to 4.27%.

(h) Self-Insurance

The Foundation uses a combination of insurance and self-insurance mechanisms to provide for potential liabilities. Liabilities associated with the risks that are retained by the Foundation are not discounted and are estimated, in part, by considering historical claims experience and evaluations of outside experts, demographic factors, severity factors, and other actuarial assumptions. The estimated accrual for these liabilities could be affected if future occurrences and claims differ from these assumptions and historical trends. As of December 31, 2025 and 2024, the self-insurance liability, which is specific to employee healthcare benefits, was \$8,167 and \$7,769, respectively, and is included in accrued and other liabilities in the consolidated statements of financial position.

(i) Contributed Services

Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended December 31, 2025 and 2024, contributed services totaled \$6,491 and \$10,473, respectively, and are included in contributions and

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

other income in the consolidated statements of activities. Contributed services are valued at the fair market rates parties paid for the services they donated.

(j) Contributions and Bequests from Unrelated Parties

The Foundation accepts contributions and bequests from unrelated parties. From time to time, the Foundation is notified that it has been named as the beneficiary in the estate of certain individuals under revocable agreements. Such amounts are recorded as contributions upon the passing of the donor and become irrevocable.

(k) Presentation of Expenses on the Consolidated Statements of Activities

The costs of providing support to the various programs and other activities have been allocated between global programs, U.S. program, other charitable programs, and programmatic support. Other administrative costs related to operational support and activities have been allocated to management and general expenses.

(l) Tax-Exempt Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal excise taxes.

(m) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of PRI guarantees, discounting the allowance for loan PRIs, and the valuation of equity PRI investments.

(n) Reclassifications

Certain reclassifications have been made to the prior year amounts in the grant payable and conditional grant commitments footnote to conform with the current year presentation.

(3) Related Parties

The Foundation engages in charitable activities that are funded by related parties, the Trustee and the Trust. The Trust holds and manages investment assets, and makes grants to the Foundation as necessary, to carry out the Foundation's charitable goals. Neither entity controls the other; however, they share the same Trustee. In 2025 and 2024, related parties made contributions to the Foundation totaling \$8,792,796 and \$8,096,000, respectively.

(4) Beneficial Interest in Net Assets of Gates Foundation Trust

The legal documents that formed the Trust obligate it to fund the Foundation in whatever dollar amounts are necessary to accomplish the Foundation's charitable purposes without restriction. This means that the

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

Foundation has the legal right to demand any amount, up to the full net assets of the Trust, to achieve the Foundation's charitable goals. Because of the Foundation's legal right to call upon the assets of the Trust, the consolidated financial statements for the Foundation reflect a \$89,249,227 and \$77,237,720 beneficial interest in the unrestricted net assets of the Trust as of December 31, 2025 and 2024, respectively. That interest is adjusted annually to reflect the changes in the net assets of the Trust and amounts transferred to the Foundation during the reporting period.

The total changes in beneficial interest in the net assets of the Trust for the years ended December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Beginning balance	\$ 77,237,720	75,225,846
Change in the net assets of the Trust before contributions to the Foundation	17,298,507	10,107,874
Trust contributions to the Foundation	(5,287,000)	(8,096,000)
Ending balance	\$ 89,249,227	77,237,720

(5) Liquidity

The Foundation's financial assets available to meet cash needs for general expenditures within one year of the dates of the statements of financial position include:

	2025	2024
Cash	\$ 402,757	206,159
Beneficial interest in the net assets of the Trust	89,249,227	77,237,720
Other financial assets, net	30,839	72,223
Available financial assets	\$ 89,682,823	77,516,102

The Foundation structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Foundation does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. The Foundation's available financial assets exclude certain assets that the Foundation would not be able to liquidate within one year of the dates of the statements of financial position. As described in note 4, due to the Foundation's legal right to call upon the unrestricted net assets of the Trust, the beneficial interest in the net assets of the Trust has been included above as an available financial asset. All net assets of the Trust are considered available to meet cash needs for general expenditures within one year of the dates of the statements of financial position.

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(6) Program-Related Investments (PRI)

PRIs are strategic investments, beyond grants, made by the Foundation for the specific objective of furthering the Foundation's charitable purpose. The production of income is not the primary driver of a PRI. The Foundation entered into eleven new PRI investments in 2025 and sixteen in 2024. The PRI portfolio includes loans to support the growth of key partners or institutions, equity investments to promote innovation and scale, and guarantees to address structural challenges within markets.

(a) Loan PRIs

The Foundation's loan portfolio includes both loans and convertible loans invested in not-for-profit and private sector entities. The majority of these loans are in support of its global strategies focusing on developing countries. They enable partner organizations to invest in increasing agricultural productivity and expand affordable access to essential health commodities. The Foundation has also made loans in support of its U.S. strategies, providing low-cost capital support for charter school facilities. Interest payments are due on the outstanding loan amounts at interest rates generally ranging between 0% and 8%. Repayment of the outstanding loan amounts is scheduled through 2034.

The loans are summarized in the table below for the years ended December 31, 2025 and 2024 as follows:

	2025	2024
Loan receivable, gross beginning of year	\$ 123,360	168,270
Additional loans	24,057	31,606
Principal repayments	(5,868)	(58,516)
Loan to equity conversions	(27,080)	—
Realized loss on loans	(1,180)	(18,000)
Gross subtotal, loans	113,289	123,360
Interest receivable	7,315	6,806
Loans and interest receivable, subtotal	120,604	130,166
Less discount and uncollectible allowance	(31,711)	(36,749)
Loan receivable, net end of year	\$ 88,893	93,417

(b) Equity PRIs

The Foundation's equity portfolio includes direct equity investments as well as investments in equity funds. The majority of these equity investments are in support of global strategies focusing on developing countries, which include investing in novel vaccine and therapeutic platforms, developing improved diagnostics, and strengthening agriculture and health delivery systems. The Foundation has

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

also made equity investments in support of U.S. education. The total change in equity investments for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025	2024
Equity investment amount, gross beginning of year	\$ 692,913	828,216
Additional investments	107,586	113,185
Change in contingent funding commitments	(60,000)	(167,000)
Loan to equity conversions	31,448	—
Return of capital	(228)	(14,407)
Realized loss	(9,331)	(67,081)
Equity investment amount, gross end of year	762,388	692,913
Cumulative valuation adjustments:		
Unrealized loss, net	(278,862)	(136,328)
Equity investment amount, net end of year	\$ 483,526	556,585

The Foundation has recorded certain of its equity investments at fair value, totaling \$76,224 and \$75,758 on December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the Foundation has PRIs in equity funds which have been valued using NAV as a practical expedient with total fair values of \$114,535 and \$111,725, respectively. Unfunded commitments related to equity funds as of December 31, 2025 were \$14,664. The majority of equity PRIs at fair value include observable inputs considered to be Level 1 per the fair value hierarchy.

(c) PRI Guarantees and Commitments

The Foundation's guarantee portfolio includes procurement backstop and volume guarantees. The majority of these guarantees are in support of its global strategies, enabling accessibility and affordability of vaccines and health commodities in developing countries. Guarantee agreements and the associated commitments extend through 2031.

The Foundation's guarantee investments are summarized in the tables below for the years ended December 31, 2025 and 2024:

	Total gross exposure December 31, 2024	New commitments in 2025	Commitments satisfied in 2025	Total gross exposure December 31, 2025	Sub- guarantee amounts	Net exposure December 31, 2025	Value of guarantee liability
Guarantee investments:							
Procurement backstop	\$ 159,585	200,000	(159,585)	200,000	—	200,000	31,600
Volume	54,316	—	(4,424)	49,892	(9,276)	40,616	17,635
Total guarantees	\$ 213,901	200,000	(164,009)	249,892	(9,276)	240,616	49,235

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

	Total gross exposure December 31, 2023	New commitments in 2024	Commitments satisfied in 2024	Total gross exposure December 31, 2024	Sub- guarantee amounts	Net exposure December 31, 2024	Value of guarantee liability
Guarantee investments:							
Procurement backstop	\$ 185,725	20,795	(46,935)	159,585	—	159,585	7,000
Volume	29,222	31,341	(6,247)	54,316	(11,657)	42,659	21,785
Total guarantees	<u>\$ 214,947</u>	<u>52,136</u>	<u>(53,182)</u>	<u>213,901</u>	<u>(11,657)</u>	<u>202,244</u>	<u>28,785</u>

The Foundation has made contingent funding commitments related to certain equity PRIs meeting milestone requirements. The estimated probable contingent funding amount included in program-related investment liabilities in the consolidated statements of financial position had no balance on December 31, 2025, and \$60,000 on December 31, 2024.

(7) Property and Equipment

At December 31, 2025 and 2024, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 93,945	93,945
Construction-in-progress and other	9,056	12,613
Buildings	626,844	618,241
Computer hardware and software	121,266	114,719
Furniture, fixtures and other	26,087	26,843
Leasehold improvements	73,530	69,208
	<u>950,728</u>	<u>935,569</u>
Less accumulated depreciation and amortization	<u>(413,043)</u>	<u>(380,192)</u>
Property and equipment, net	<u>\$ 537,685</u>	<u>555,377</u>

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(8) Analysis of Expenses

The Foundation's functional expenses, displayed by natural expense classification, for the years ended December 31, 2025 and 2024 are summarized in the tables below. The tables list all expenses on an accrual basis.

December 31, 2025	Program expenses				Management and general	Total expense by natural classification
	Global programs	U.S. program	Other charitable programs	Programmatic support		
Grants	\$ 5,289,124	619,794	62,082	—	—	5,971,000
Direct charitable contracts	730,111	105,840	58,705	—	—	894,656
Total	6,019,235	725,634	120,787	—	—	6,865,656
Compensation and benefits	479,055	65,393	44,517	70,164	140,336	799,465
Other support and administrative	121,733	5,581	10,668	34,223	307,530	479,735
Total	\$ 6,620,023	796,608	175,972	104,387	447,866	8,144,856

December 31, 2024	Program expenses				Management and general	Total expense by natural classification
	Global programs	U.S. program	Other charitable programs	Programmatic support		
Grants	\$ 5,335,447	488,374	72,711	—	—	5,896,532
Direct charitable contracts	833,947	109,735	45,777	—	—	989,459
Total	6,169,394	598,109	118,488	—	—	6,885,991
Compensation and benefits	446,140	57,748	41,323	63,814	126,723	735,748
Other support and administrative	119,411	5,585	13,291	33,659	263,632	435,578
Total	\$ 6,734,945	661,442	173,102	97,473	390,355	8,057,317

Grants and direct charitable contracts are charitable costs expended for the benefit of others. Other support and administrative expenses relate to activities that support the grant-making process as well as administrative operational costs. Certain employee benefit expenses are allocated across functional groups based on headcount.

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

Subsidiary entity expenses included in the Foundation's consolidated financial statements are summarized by functional category and natural expense classification below:

	December 31, 2025			December 31, 2024		
	GPP	Gates Ag One	Gates MRI	GPP	Gates Ag One	Gates MRI
Grants	\$ 81,943	16,499	—	59,583	25,181	—
Direct charitable contracts	461	27,714	139,186	457	18,626	250,378
Compensation and benefits	—	8,668	53,067	—	8,006	55,175
Other support and administrative	274	1,798	13,692	158	1,093	14,950
Total global programs	<u>82,678</u>	<u>54,679</u>	<u>205,945</u>	<u>60,198</u>	<u>52,906</u>	<u>320,503</u>
Compensation and benefits	—	4,721	10,261	—	3,855	10,348
Other support and administrative	58	10,410	9,679	37	19,829	10,229
Total management and general	<u>58</u>	<u>15,131</u>	<u>19,940</u>	<u>37</u>	<u>23,684</u>	<u>20,577</u>
Total	<u>\$ 82,736</u>	<u>69,810</u>	<u>225,885</u>	<u>60,235</u>	<u>76,590</u>	<u>341,080</u>

(9) Grants Payable and Conditional Grant Commitments

On December 31, 2025 and 2024, grants payable totaled \$4,907,227 (discounted to \$4,720,754) and \$5,470,259 (discounted to \$5,245,634), respectively. Grant commitments subject to conditions not included in grants payable were \$2,602,934 and \$3,024,688, as of December 31, 2025 and 2024 respectively. Grants payable and obligation activity consisted of the following:

	<u>2025</u>	<u>2024</u>
Grant obligations, beginning of year	\$ 8,494,947	9,015,118
New and amended grants	5,541,734	5,565,512
Payments	<u>(6,526,520)</u>	<u>(6,085,683)</u>
Grant obligations, end of year	7,510,161	8,494,947
Grant commitments subject to conditions	<u>(2,602,934)</u>	<u>(3,024,688)</u>
Gross Grants payable, end of year	4,907,227	5,470,259
Discount	<u>(186,473)</u>	<u>(224,625)</u>
Grants payable, end of year	<u>\$ 4,720,754</u>	<u>5,245,634</u>

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

As of December 31, 2025, based on the specific grant agreements, grants payable are expected to be paid in the following years:

2026	\$	2,520,365
2027		1,152,634
2028		525,309
2029		257,904
2030		227,246
Thereafter		<u>223,769</u>
		4,907,227
Less discount to reflect grant payable at present value		<u>(186,473)</u>
Grants payable, net	\$	<u><u>4,720,754</u></u>

(10) Retirement Plan

In 2025 and 2024, the Foundation offered three Retirement Plans for the benefit of its employees: a 403(b) plan, 401(a) plan, and a 457(b) plan. The 457(b) plan allows for additional executive deferrals subject to annual limitations.

The 403(b) retirement plan covers employees meeting certain qualifications. Under the terms of the plan, employees are allowed to contribute up to 100% of pretax annual compensation, as defined in the plan, and subject to annual limitations imposed by the Internal Revenue Code.

The 401(a) retirement plan covers employees meeting certain qualifications. Under the terms of the plan, the Foundation contributes 15% of employee-eligible plan compensation subject to annual limitations. Employees are immediately vested in employer contributions. Employer contributions to the 401(a) retirement plan relating to the years ended December 31, 2025 and 2024 totaled \$69,572 and \$66,947, respectively.

(11) Federal Excise Taxes

The Foundation is subject to federal excise taxes imposed on private foundations. Excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on the sale of investments. The Foundation provided for excise taxes at the 1.39% excise tax rate for the years ended December 31, 2025 and 2024. The current portion of excise tax expense was \$48,335 and \$528 for the years ended December 31, 2025 and 2024, respectively.

(12) Commitments and Contingencies

(a) Lease Commitments

The Foundation has operating and short-term leases for office buildings and facilities with remaining terms expiring at various dates through 2034, some of which have options to extend the leases up to 5

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

years. The Foundation determines if contracts contain a lease by assessing if the agreement conveys the right to control identified assets over a period of time.

Information related to operating leases presented on the consolidated statements of financial position was as follows:

	December 31,	
	2025	2024
Operating lease right-of-use assets	\$ 47,201	56,375
Operating lease liabilities	\$ 53,912	64,749
Weighted average remaining lease term in years	4.8	5.7
Weighted average discount rate	%	2.7
	2025	2024
Components of lease expense for the years ended:		
Operating lease expense	\$ 12,837	11,895
Short term lease expense	524	705
	\$ 13,361	12,600

Lease payments presented in cash flows from operations: other expenses for the years ended December 31, 2025 and December 31, 2024 are summarized as follows:

	2025	2024
Cash flows from operating leases	\$ 14,592	11,508
Operating cash flows from short term lease	500	689
	\$ 15,092	12,197

GATES FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

Future lease maturities related to operating leases as of December 31, 2025 are as follows:

2026	\$	13,839
2027		13,577
2028		13,018
2029		9,302
2030		2,241
Thereafter		<u>6,686</u>
Total lease payments		58,663
Less imputed interest		<u>(4,751)</u>
Total operating lease liabilities	\$	<u>53,912</u>

(b) Legal Matters

In the ordinary course of business, the Foundation is subject to certain legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Foundation.

(13) Subsequent Events

The Foundation evaluated subsequent events from December 31, 2025 through May 12, 2026, the date on which the consolidated financial statements were available to be issued and determined that no additional disclosures are required.