Consolidated Financial Statements

Gordon E. and Betty I. Moore Foundation
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP

Building a better
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Gordon E. and Betty I. Moore Foundation

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Contents

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Report of Independent Auditors

The Board of Trustees
Gordon E. and Betty I. Moore Foundation and Subsidiary

We have audited the accompanying consolidated financial statements of Gordon E. and Betty I. Moore Foundation and Subsidiary (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Foundation'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 Foundation'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gordon E. and Betty I. Moore Foundation and Subsidiary at December 31, 2013 and 2012, and the consolidated changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

June 24, 2014

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Financial Position

	December 31	
	2013	**2012**
Assets		
Cash and cash equivalents	**$ 211,190,599**	$ 88,981,933
Dividends and interest receivable	**239,100**	317,181
Investments, at fair value	**6,026,218,088**	5,501,118,672
Investment redemption receivables	**133,036,089**	61,956,777
Program-related investment	**1,400,000**	131,619
Property and equipment, net of accumulated depreciation	**45,470,252**	44,154,173
Prepaid federal excise tax	**–**	135,092
Prepaid expenses and other assets	**279,492**	462,579
Total assets	**$ 6,417,833,620**	$ 5,697,258,026
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 10,674,749**	$ 9,069,295
Grants payable	**31,499,525**	38,074,715
Federal excise tax payable currently	**677,510**	–
Deferred federal excise tax	**17,339,027**	5,093,458
Total liabilities	**60,190,811**	52,237,468
Net assets, unrestricted	**6,357,642,809**	5,645,020,558
Total liabilities and net assets	**$ 6,417,833,620**	$ 5,697,258,026

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31	
	2013	**2012**
Investment income:		
Dividends	**$ 10,870,345**	$ 11,033,443
Interest	**163,975**	285,356
Partnership distributions	**177,514,319**	155,719,349
Realized gains on sale of investments	**241,767,500**	178,256,374
Net unrealized gain on investments	**612,278,271**	270,542,553
Total investment income	**1,042,594,410**	615,837,075
Contribution income	**102,275**	–
Investment expenses	**16,161,939**	15,107,213
Taxes	**16,752,470**	10,750,347
Net investment and contribution income	**1,009,782,276**	589,979,515
Expenses:		
Grants	**265,757,322**	222,338,888
Supporting expenses	**27,611,109**	26,461,126
Direct charitable expenses	**3,791,594**	1,239,363
Total expenses	**297,160,025**	250,039,377
Increase in net assets	**712,622,251**	339,940,138
Unrestricted net assets, beginning of year	**5,645,020,558**	5,305,080,420
Unrestricted net assets, end of year	**$ 6,357,642,809**	$ 5,645,020,558

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2013	**2012**
Operating activities		
Interest, dividends, and partnership distributions received	**$ 188,626,720**	$ 168,300,991
Tax payments	**(3,694,299)**	(8,298,189)
Contribution income	**102,275**	–
Cash paid to investment managers, suppliers, and employees	**(43,960,634)**	(41,672,072)
Grants paid	**(272,332,512)**	(232,641,088)
Net cash used in operating activities	**(131,258,450)**	(114,310,358)
Investing activities		
Principal advances to Program-related investment loan recipients	**(1,400,000)**	–
Repayment of Program-related investment	**131,619**	–
Purchases of investments	**(4,586,604,944)**	(5,312,778,006)
Proceeds from sale of investments	**4,844,471,987**	5,479,194,967
Purchases of property and equipment	**(3,131,546)**	(552,068)
Net cash provided by investing activities	**253,467,116**	165,864,893
Net increase in cash and cash equivalents	**122,208,666**	51,554,535
Cash and cash equivalents, beginning of year	**88,981,933**	37,427,398
Cash and cash equivalents, end of year	**$ 211,190,599**	$ 88,981,933
Increase in net assets	**$ 712,622,251**	$ 339,940,138
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	**1,815,467**	1,737,937
Deferred federal excise tax	**12,245,569**	1,456,698
Net realized and unrealized gain on investments	**(854,045,771)**	(448,798,927)
Changes in operating assets and liabilities:		
Dividends and interest receivable	**78,081**	1,262,843
Prepaid expenses and other assets	**183,087**	(93,189)
Accounts payable and accrued liabilities	**1,605,454**	(509,118)
Grants payable	**(6,575,190)**	(10,302,200)
Federal excise tax payable currently	**812,602**	995,460
Net cash used in operating activities	**$ (131,258,450)**	$ (114,310,358)
Supplemental data for non-cash activities		
Investment redemption receivable	**$ 133,036,089**	$ 61,956,777

See accompanying notes.

1. The Organization

The Gordon E. and Betty I. Moore Foundation (the Foundation) is a tax-exempt private foundation established by Gordon and Betty Moore in September 2000. The Foundation works to find and support the bold ideas that will create an enduring impact in environmental conservation, patient care and science. For more information, visit the Foundation’s website at www.moore.org.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements and accompanying notes are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and short-term investment funds maintained at commercial banks and are held for operating purposes. The Foundation considers all highly liquid instruments with maturities of three months or less at the time of purchase to be cash equivalents.

Investments

Investments are carried at fair value. Stocks and bonds that are listed on national securities exchanges, quoted on NASDAQ, or on the over-the-counter market are valued at the last reported sale price, or in the absence of a recorded sale, at the most recent bid price at the reporting date. Futures, forwards, and options that are traded on exchanges are valued at the last reported sale price or, if they are traded over-the-counter, at the most recent bid price.

Commingled funds are valued at amounts reported by the investment manager, which are generally based on the last reported sale price of the securities held by such funds.

2. Summary of Significant Accounting Policies (continued)

Since there is no readily available market for investments in limited partnerships and limited liability companies (LLCs), such investments are stated at fair value as estimated in an inactive market. These investments include securities of companies that may not be immediately liquid, such as private debt and equity securities, or real estate or other assets. The December 31 valuations of these investments are based upon year-end values provided by the investment managers, based on guidelines established by those investment managers, and consideration of other factors related to the Foundation's interests in these investments. The Foundation obtains and considers the audited financial statements of such investments when evaluating the overall reasonableness of carrying value. The Foundation believes this method provides a reasonable estimate of fair value. However, the recorded value may differ from market value had a readily available market existed for such investments, and those differences could be material.

Investment transactions are recorded on the trade date. Realized gains or losses are recognized in the period sales or other transactions occur and are computed using the specific identification method. Dividend and interest income are accrued when earned. Gains from private equity funds, which may be received in cash or securities, are reflected in investment income as Partnership Distributions.

Assets and liabilities denominated in foreign currencies at year end are translated into U.S. dollars based upon exchange rates as of December 31, with any resulting adjustment included in net unrealized gains and losses on investments. Transactions in foreign currencies during the year are translated into U.S. dollars at the exchange rate prevailing on the transaction date and recorded as part of Realized gains on sale of investments, net.

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method over estimated useful lives of 3 to 31 years. Leasehold improvements for the Foundation's Palo Alto premises are depreciated using the straight-line method over the remaining lease term of approximately 27 years.

Grants

Grants are recognized as expense when the unconditional promise to give is approved. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition.

2. Summary of Significant Accounting Policies (continued)

Expense Allocations

Investment expenses include internal expenses, such as compensation and occupancy costs for the Foundation's investment staff as well as amounts paid to third parties.

The Foundation's operating expenses have been allocated between supporting expenses and direct charitable expenses. The allocation is based on estimates made by management of time spent by employees on various activities and allocation of payments made to third parties. The Foundation's direct charitable expenses represent the amount spent on activities conducted by foundation staff or by third parties (other than through grants) that are in support of its program areas and the philanthropic sector in general. Supporting expenses represent amounts spent on grantmaking and administrative activities of the Foundation.

Fair Value of Financial Instruments

The carrying amounts of Cash and cash equivalents, Dividends and interest receivable, Investment redemption receivables, and Accounts payable and accrued liabilities approximate fair value because of the short maturity of these items. The carrying value of Grants payable approximates fair value since they are carried at their expected payment amounts discounted to present value. Program-related loans receivable are carried at cost, which approximates fair value.

Principles of Consolidation

The Foundation's consolidated financial statements include the accounts of GBMF International, Ltd., a wholly owned investment holding company. All inter-company accounts and transactions have been eliminated in consolidation.

Taxes

The Foundation qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. However, because the Foundation is classified as a private foundation, it is subject to a federal excise tax on net investment income (its principal source of revenue), and investments in some limited partnerships give rise to taxable federal and state unrelated business income. The Foundation provides for deferred federal excise tax at an estimate of the effective rate expected to be paid.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of commitments. Actual results and outcomes may differ from management's estimates and assumptions, and such differences could be material.

New Accounting Pronouncements

There are no recently issued accounting pronouncements that have had or are expected to have a significant impact on the Foundation's consolidated financial statements.

3. Investments

The investment goal of the Foundation is to maintain or grow its spending power in real (inflation adjusted) terms with risk at a level appropriate to the Foundation's programmatic spending and objectives. The Foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies. The financial assets of the Foundation are managed by a select group of external investment management firms and held in custody by a major commercial bank, except for assets invested with partnerships, LLCs and commingled funds, which have separate arrangements appropriate to their legal structure.

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and bonds. The Foundation maintains its cash and cash equivalents with high quality financial institutions and such amounts may exceed Federal Deposit Insurance Corporation limits. The Foundation's investments in corporate and government bonds are exposed to issuer credit risk until these bonds are sold or mature.

3. Investments (continued)

The Foundation's investment portfolio consists of the following:

	December 31			
	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Public equity investments with managers	**$ 1,131,868,000**	**$ 1,894,114,949**	$ 1,127,731,509	$ 1,688,800,025
Fixed income investments with managers	**570,192,212**	**585,984,639**	555,829,559	569,663,075
Hedge and private equity funds	**2,338,622,215**	**3,384,061,059**	2,418,607,732	3,049,783,161
Registered investment companies	**58,208,695**	**55,154,735**	52,906,090	55,240,033
Cash pending investment	**–**	**–**	5,000,000	5,000,000
Cash with investment managers	**106,923,851**	**106,902,706**	132,918,938	132,632,378
Total	**$ 4,205,814,973**	**$ 6,026,218,088**	$ 4,292,993,828	$ 5,501,118,672

Cash pending investment represents funds committed to investments with fund closings in January of the following year. As of December 31, 2013, and 2012 the Foundation is committed to make additional investments of approximately $521 million and $564 million, respectively in future years.

Individual investment holdings that represent greater than 5% of the total fair value of investments consist of the following:

	December 31			
	2013		2012	
	Cost	Fair Value	Cost	Fair Value
State Street U.S. Treasury 1–3 Year Index Commingled Fund	**$ 570,158,560**	**$ 585,938,135**	$ 530,285,414	$ 544,166,207

Some investment managers retained by the Foundation have been authorized to use financial derivative instruments in a manner set forth by the Foundation's written investment policy and specific manager guidelines. In addition, the Foundation will on occasion enter directly into derivative instruments as part of its investment management activities. Accordingly, the investments of the Foundation include financial instruments involving contractual commitments for future settlements, such as forwards, futures and options. Futures and options trading are confined exclusively to recognized futures and options exchanges. Accordingly, the exchange clearinghouse acts as counterparty to the trade, reducing the counterparty credit risk. Investment

3. Investments (continued)

managers, acting on behalf of the Foundation, both purchase and write options. To minimize the risk of loss associated with options trading, the Foundation requires investment managers to employ strategies consistent with prudent investment management. Forward contracts are entered into with creditworthy counterparties and have appropriate collateral and similar provisions in place to mitigate counterparty credit risk.

The Foundation records its financial derivative instruments at fair value, with changes in value reflected in the accompanying consolidated statements of activities and changes in net assets. The fair values of such positions represent net unrealized gains and losses and consequently, net receivables and payables at December 31, 2013 and 2012, are included within Investments in the consolidated statements of financial position. Additionally, the Foundation has investments in commingled funds, limited partnerships and LLCs which invest in a variety of derivative contracts. As a result of active trading and a changing investment environment, the use, type, and amount of derivative instruments held by these investments may vary substantially from period to period.

The net fair value of the Foundation’s derivative holdings at December 31, 2013, was $(2.1) million, in which $1.3 million was in derivative assets and $(3.4) million was in derivative liabilities, which are reflected within the consolidated statements of financial position as part of Investments. The primary types of derivative risk exposures are foreign exchange, commodity, equity, and other contracts. The total notional amounts related to these derivatives were $55.9 million at December 31, 2013. The Foundation’s obligation to return cash collateral of $1.4 million at December 31, 2013 was offset against Investments, at fair value on the consolidated statements of financial position.

In the opinion of the Foundation’s management, the use of financial derivative instruments in its investment program is appropriate and customary for the investment strategies employed. Using those instruments reduces certain investment risks and may add value to the portfolio. The instruments themselves, however, do involve investment and counterparty risk in amounts greater than what are reflected in the Foundation’s consolidated financial statements. Management expects that losses from such investments, if any, would not materially affect the consolidated financial position of the Foundation.

At December 31, 2013 and 2012, approximately 82% and 81%, respectively, of the Foundation’s investment assets were invested in limited partnerships, commingled funds and LLCs. Such investments generally have limited liquidity due to the structure, term, and investment strategy of the funds.

4. Fair Value

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value disclosure framework which prioritizes and ranks the level of observable inputs used in measuring investments at 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 as follows:

Level 1 – Inputs based on quoted prices for identical assets or liabilities in an active market that the Foundation can access. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment if available.

Level 2 – Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment speeds, and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, and fair value is determined through the use of models or other valuation methodologies. For investments in non-registered funds where there is an ability to redeem such investments at the net asset value (NAV) per share (or its equivalent) at the measurement date or in the near term, the fair value of the investment is generally categorized as Level 2.

Level 3 – Pricing inputs that are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited partnership interests, where there is an inability to redeem such investments at the net asset value per share (or its equivalent) at the measurement date or in the near term.

4. Fair Value (continued)

The following table presents the investments carried on the consolidated statements of financial position by level within the valuation hierarchy as of December 31, 2013 and 2012, respectively:

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Public equity investments with managers	**$ 324,043,884**	**$1,460,477,346**	**$ 109,593,719**	**$1,894,114,949**
Fixed income investments with managers	–	**585,984,639**	–	**585,984,639**
Hedge and private equity funds	**–**	**933,189,424**	**2,450,871,635**	**3,384,061,059**
Registered investment companies	**55,154,735**	–	–	**55,154,735**
Cash with investment managers	**40,618,096**	**66,284,610**	–	**106,902,706**
Total as of December 31, 2013	**$ 419,816,715**	**$3,045,936,019**	**$2,560,465,354**	**$6,026,218,088**

	Level 1	Level 2	Level 3	Total
December 31, 2012				
Public equity investments with managers	$ 305,593,945	$ 611,382,982	$ 771,823,098	$1,688,800,025
Fixed income investments with managers	–	569,663,075	–	569,663,075
Hedge and private equity funds	–	1,098,657,408	1,951,125,753	3,049,783,161
Registered investment companies	55,240,033	–	–	55,240,033
Cash pending investment	5,000,000	–	–	5,000,000
Cash with investment managers	132,632,157	221	–	132,632,378
Total as of December 31, 2012	$ 498,466,135	$2,279,703,686	$2,722,948,851	$5,501,118,672

The following table includes a rollforward of the amounts for the years ended December 31, 2013 and 2012 for investments classified within Level 3:

Balance at December 31, 2011	$ 2,484,701,444
Purchase of portfolio investments	331,669,287
Proceeds from sale or distribution of investments	(422,057,281)
Net realized gain on investments	197,686,862
Net change in unrealized gain on investments	130,948,539
Balance at December 31, 2012	2,722,948,851
Purchase of portfolio investments	**179,785,686**
Proceeds from sale or distribution of investments	**(389,990,655)**
Net realized gain on investments	**179,160,474**
Net change in unrealized gain on investments	**290,052,617**
Transfers in to Level 3	**264,624,281**
Transfers out of Level 3	**(686,115,900)**
Balance at December 31, 2013	**$ 2,560,465,354**

4. Fair Value (continued)

	Year Ended December 31	
	2013	**2012**
Net unrealized gain included in earnings for Level 3 investments held	**$ 290,052,617**	$ 130,948,539

Transfers out of Level 3 in 2013 include investments which have been reclassified to Level 2, as the Foundation has the ability to redeem these at NAV in the near term, or for which pricing inputs have become observable. Transfers in to Level 3 in 2013 include investments with changes in redemption provisions or for which pricing inputs became unobservable. All transfer amounts are determined at the beginning of the period. Net realized and unrealized gain on investments are included in the consolidated statements of activities and changes in net assets.

As discussed in Note 1, the Foundation values substantially all of its investments (including all Level 2 and Level 3 investments) at amounts reported by the investment manager and as validated through consideration of the audited financial statements of such investments. Accordingly, the Foundation does not use separate quantitative information to value such investments.

The Foundation invests in alternative investments, which are structured as partnerships, limited liability companies, and offshore investment funds. The following table summarizes the investment strategy types of the alternative investments as of December 31, 2013:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Public equity investments with managers[(a)]	$ 1,569,883,623	$ 6,000,000	Monthly, Quarterly, Annually, None	10–90 days
Hedge funds[(b)]	1,813,322,979	–	Quarterly, Semi-Annually, Annually, Multi-year, None	30–180 days
Private equity funds and Real Assets[(c)]	1,572,641,165	514,522,835	None	N/A
Total	$ 4,955,847,767	$ 520,522,835		

4. Fair Value (continued)

[a] This category includes non-registered funds that invest in public equities and that are structured as limited partnerships, LLCs, or commingled investment vehicles. These funds invest primarily in public equity investments in the U.S., developed, and emerging markets. Managers of these funds have the ability to invest in growth and/or value styles and across capitalizations. Five managers in this investment category have made investments in illiquid assets which are currently held in side pockets. These side pockets represent approximately $23 million in value. It is estimated that these assets will be liquidated within seven years.

[b] This category includes hedge funds that invest using various strategies, such as long/short equity, credit focused, multi-strategy event, arbitrage and other means. Approximately 12% of the value of the investments in this category will only be available from distributions that are received through the liquidation of the underlying assets of the fund, either by the design of the fund or because the fund itself is in a liquidation mode. While the timing of such liquidation is uncertain, it is estimated that these assets would be fully liquidated within 7 years. In addition, approximately 40% of the value of the investments in this category are subject to multiyear restrictions on withdrawal, with such restrictions ranging from two to five years.

[c] This category includes private funds that invest in U.S. oil and gas assets, global commercial real estate, and funds that invest globally across industries in public and private companies. Substantially all of the value of the investments in this category can never be redeemed with the funds. Instead, due to the nature of these investments, distributions are received through the liquidation of the underlying assets of the funds. It is estimated that the underlying assets will be liquidated over the next ten years.

5. Investment Redemption Receivables

Investment redemption receivables represent deemed withdrawals from investment managers for which the cash has not yet been received.

6. Program-Related Investments

In July 2008, the Foundation made an interest-free program-related investment (PRI) to Middle Bay Sustainable Aquaculture Institute as bridge financing for the construction phase of their close containment aquaculture trial. The remaining outstanding amount was repaid in full in August 2013.

6. Program-Related Investments (continued)

In 2013, the Foundation made two PRI's which represented loans with below market terms to organizations to assist them in achieving charitable purposes. These loans are expected to be funded over two to three years, and then repaid over an additional four to six years, and bear interest at the rate of 1%. These loans are recorded on the consolidated statements of financial position at their principal amount, which approximates their fair value.

In addition, in early 2013 the Foundation entered into a guarantee of a bank loan to a charitable organization, which was further amended and restated during the year. The maximum exposure under the guarantee is $22.5 million and the related loan will mature in 2018. The exposure under the guarantee has been recorded at its estimated fair value of $5.4 million in Grants payable in the consolidated statements of financial position and in Grants expense in the consolidated statements of activities and changes in net assets. If the Foundation is required to make payments under the guarantee, it has certain rights to collect on pledge receivables and other security to the existing bank loan. The Foundation currently believes that it is neither probable nor remote that it will have to make any payments under the guarantee.

7. Property and Equipment

Property and equipment consisted of the following:

	December 31	
	2013	**2012**
Buildings	**$ 33,803,007**	$ 33,803,007
Leasehold improvements	**25,750,247**	22,900,224
Furniture, fixtures, and equipment	**8,198,733**	7,917,210
	67,751,987	64,620,441
Less accumulated depreciation and amortization	**22,281,735**	20,466,268
Property and equipment, net	**$ 45,470,252**	$ 44,154,173

8. Short Term Borrowings

The Foundation maintains a $150 million uncommitted line of credit (the Line) from a major commercial bank. Future borrowings under the Line, if any, will be free of fees, unsecured, and bear interest at rates selected by the Foundation based on Prime, LIBOR, or a Bank Offered Rate, all as defined within the Line's Master Note. The Line expires on October 31, 2014, but is renewable annually. The Line also contains covenants over financial reporting, liquidity, and other standard and customary corporate governance matters. There were no borrowings, amounts outstanding on the Line or interest expense incurred for the years ended December 31, 2013 and 2012, respectively.

9. Taxes and Payout Requirement

Because the Foundation is classified as a private foundation, it is subject to a federal excise tax of 1% or 2% on net investment income (its principal source of revenue). For the years ended December 31, 2013 and 2012, the Foundation has recorded tax on investment income at the 2% rate based on the distribution requirements of Section 4940(e) of the Internal Revenue Code. The Foundation also provides for deferred federal excise tax on unrealized gains on investments at a rate of 2%, which is an estimate of the effective rate expected to be paid. In addition, the Foundation's investments in some limited partnerships give rise to taxable federal and state unrelated business income.

The components of tax expense are as follows:

	Year Ended December 31	
	2013	**2012**
Current federal excise tax	**$ 4,444,566**	$ 9,785,795
Deferred federal excise tax	**12,245,569**	1,456,698
Unrelated business income tax	**62,335**	(492,146)
	$ 16,752,470	$ 10,750,347

The Internal Revenue Code requires private foundations to annually disburse approximately five percent of the market value of investment assets, less the federal excise tax. This payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities and certain administrative expenses. The Foundation had qualifying distributions of $306 million and $260 million in 2013 and 2012, respectively.

9. Taxes and Payout Requirement (continued)

The Foundation is expected to meet the payout requirements in 2013, and met the payout requirement after application of historical excess distributions carryforward of $10 million in 2012. At December 31, 2013, the Foundation's remaining excess distribution carryforwards are approximately $3 million. Amounts for 2013 are estimated pending finalization of the Foundation's annual tax return on Form 990-PF, with the differences, if any, not expected to be material.

The Foundation believes it has appropriate support for the excise tax and unrelated business income tax positions taken, as well as foreign investment tax positions, and, as such, does not have any uncertain tax positions that result in a material impact on the Foundation's consolidated statements of financial position or consolidated statements of activities and changes in net assets.

10. Related Parties

Certain trustees of the Foundation are also trustees, directors, or officers of other Section 501(c)(3) organizations to which the Foundation has awarded grants and may award grants in the future. In these circumstances, the Foundation awards grants pursuant to the Foundation's conflict of interest policy and federal tax law prohibiting self-dealing.

11. Retirement Plan

The Foundation sponsors a defined contribution plan (the Plan) under Internal Revenue Code Section 401(k). The Plan covers all employees who meet eligibility requirements. Contributions to the 401(k) Plan are made by the Foundation semi-monthly and vest immediately. Total expenses related to such plan for 2013 and 2012 were approximately $1.3 million and $1.2 million, respectively, and are included in Investment, Direct charitable and Supporting expenses on the Consolidated Statements of Activities and Changes in Net Assets.

12. Commitments

In November 2007, the Foundation approved an additional commitment of $200 million to a total of $250 million over a period of ten years to support further development and construction of the Thirty Meter Telescope (TMT) project. Funding under this commitment will be allocated equally between the California Institute of Technology (Caltech) and the University of California, who are working in partnership on the TMT project. As of December 31, 2013, $135 million in grants had been awarded under this commitment.

12. Commitments (continued)

The Foundation is also committed to make payments on multi-year grants. Future payments on such awarded but unpaid grants are as follows:

	Unconditional	Conditional
Year ending December 31:		
2014	$ 9,039,273	$ 102,123,319
2015	9,393,699	50,098,266
2016	7,850,392	19,800,356
2017	–	21,486,166
	26,283,364	$ 193,508,107
Less: Discount to present value	223,839	
	$ 26,059,525	

Unconditional promises to give are discounted to a net present value using risk-free interest rates ranging from 0.34% to 0.69% and were recognized as grant expense in the period in which they were approved. Conditional promises to give will be recognized as grant expense in the period in which the recipient meets the terms of the condition.

The Foundation also has operating leases for its San Francisco and Palo Alto offices. Rent expense, net of sublease income, for the years ended December 31, 2013 and 2012 was $620,000 and $246,000, respectively.

Future minimum lease payments under operating leases, net of estimated sublease income, at December 31, 2013 are as follows:

Year ending December 31:	
2014	$ 496,000
2015	713,000
2016	454,000
2017	760,000
2018 and thereafter (estimated annual amount)	783,000

13. Indemnifications

The Foundation often enters into contracts with consultants, whereby the Foundation agrees to indemnify such consultants from liabilities incurred in the course of performing their contracted work, excluding any liabilities incurred by the consultant's own negligence or willful misconduct. The Foundation's maximum exposure under these agreements is unknown; however, the Foundation has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

14. Subsequent Events

The Foundation has evaluated subsequent events through June 24, 2014, which represents the date the consolidated financial statements are available to be issued.

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Trustees
Gordon E. and Betty I. Moore Foundation and Subsidiary

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 22 to 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst + Young LLP

June 24, 2014

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed

December 31, 2013

Grantees	Remaining Commitment
Project title	
Alaska Salmon Initiative	$ 1,000,000
Alianca da Terra	367,500
American Academy of Microbiology	10,000
American College of Physicians	170,180
American Institutes for Research	431,221
Aquaculture Stewardship Council	169,190
Arizona State University Foundation	500,000
B.C. Wildlife Federation	217,668
Bay Area Council Foundation	100,000
BC Spaces for Nature Society	98,409
Beth Israel Deaconess Medical Center	3,381,260
Bolsa Verde do Rio de Janeiro	300,000
Brigham and Women's Hospital, Center for Patient Safety Research and Practice	1,985,875
Bristol Bay Regional Seafood Development Association	200,000
British Columbia First Nations Fisheries Council	433,695
Bulkley Valley Centre for Natural Resources Research and Management	275,918
California Council on Science and Technology	500,000
California Institute for Nursing & Health Care	812,010
California Institute of Technology – TMT	3,250,000
California Institute of Technology, Division of Biology	999,999
California Institute of Technology, Division of Engineering and Applied Science	933,385
California Institute of Technology, Division of Geology and Planetary Sciences	2,539,194
Canadian Parks and Wilderness Society, British Columbia Chapter	49,270
Ceres	631,840
Chemical Heritage Foundation	113,000
Coastal First Nations – Great Bear Initiative	4,502,455
Cold Spring Harbor Laboratory, Office of Sponsored Programs	666,666
Conservation International	7,881,350
Conservation Law Foundation	162,178
Consultative Group on Biological Diversity	65,000
Consumers Union	262,000
Cornell University, Department of Materials Science and Engineering	630,000

Schedule of Conditional Grants Committed (continued)

Grantees		Remaining Commitment
Project title (continued)		
Cynosure	$	100,000
David Suzuki Foundation		550,517
Derecho Ambiente y Recursos Naturales		967,150
Dignity Health		300,000
Duke University, Department of Biology		1,666,665
Duke University, Office of Research Support		531,913
Environmental Defense Fund		3,740,835
Equipe de Conservação da Amazônia		166,755
Farmers Conservation Alliance		300,000
Field Museum		236,588
FishWise		634,520
Forever Costa Rica Association		87,064
Fundação Bioma		37,939
Gaia Amazonas Foundation		253,459
Great Land Trust		79,818
Grist Magazine		236,163
Gulf of Maine Research Institute		1,093,852
Harvard University, Department of Physics		508,000
Harvard University, Office of Sponsored Programs		2,176,228
Health Affairs		100,000
Iepé – Instituto de Pesquisa e Formação Indigena		400,000
Independent Sector		250,000
Indiana University, Department of Biology		666,666
Institute for the Future		147,427
Institute of Chartered Accountants in England and Wales		1,000,000
Instituto Centro de Vida		300,000
Instituto de Conservação e Desenvolvimento Sustentável do Amazonas		40,000
Instituto de Pesquisa Ambiental da Amazônia		100,000
Instituto de Pesquisas Ecológicas		300,000
Instituto del Bien Comun		359,000
Instituto do Homem e Meio Ambiente da Amazonia		324,511
Instituto Internacional de Educação do Brasil		357,199

Grantees		Remaining Commitment
Project title (continued)		
International Food Policy Research Institute	$	178,249
International Game Fish Association		89,000
International Seafood Sustainability Foundation		900,000
International Union for Conservation of Nature		200,000
IPAM International Program		78,001
Iwokrama International Centre for Rain Forest Conservation and Development		284,643
J. David Gladstone Institutes		378,338
Johns Hopkins University, Department of Computer Science		795,533
LDOS Media Lab		100,000
Life Sciences Research Foundation		610,000
Living Oceans Society		83,234
Marine Affairs Research and Education		149,212
Marine Biological Laboratory		681,892
Massachusetts General Hospital, General Medicine Division		403,051
Massachusetts Institute of Technology, Department of Physics		300,000
Massachusetts Institute of Technology, Office of Sponsored Programs		3,189,336
Max Planck Society, Institute for Marine Microbiology		1,745,854
McGill University, Office of Sponsored Research – Grants and Foundations		575,505
Michigan State University, MSU-DOE Plant Research Laboratory		666,666
Ministerio del Ambiente		131,054
Monterey Bay Aquarium Research Institute		2,692,771
MRAG Americas, Inc.		1,517,821
Nanwakolas Council		1,420,725
National Aeronautics and Space Administration		221,266
National Fish and Wildlife Foundation		640,196
National Marine Sanctuary Foundation		42,000
National Wildlife Federation		194,188
Natural Resources Defense Council		492,792
Nature and Culture International		371,639
New Venture Fund		721,960
New York University, Department of Physics		400,000
New York University, Office of Sponsored Programs		8,000,000
Nunamta Aulukestai		201,521
Ocean Conservancy		2,335,417

Schedule of Conditional Grants Committed (continued)

Grantees		Remaining Commitment
Project title (continued)		
Oregon State University, Office of Sponsored Programs	$	382,979
Pacific Salmon Foundation		674,962
Parques Nacionales Naturales de Colombia		215,813
Proforest		100,000
Resources Legacy Fund Foundation		1,500,000
Rutgers University, Office of Research and Sponsored Programs		1,194,146
Salk Institute for Biological Studies, Development Office		666,666
San Diego State University Research Foundation		1,658,722
Science Friday Initiative		600,000
Servicio Nacional de Áreas Naturales Protegidas del Peru		330,599
Skeena Watershed Conservation Coalition		189,100
Smithsonian Institution, Astrophysical Observatory		1,030,000
Sociedad Peruana de Derecho Ambiental		980,000
SOS Marine Conservation Foundation		126,762
Stanford University, Department of Applied Physics		353,000
Stanford University, Department of Bioengineering		457,000
Stanford University, Department of Biology		741,666
Stanford University, Geballe Laboratory for Advanced Materials		650,000
Stanford University, Office of Sponsored Research		995,750
Stanford University, Woods Institute for the Environment		1,128,500
Summer Science Program		100,000
Sustainable Fisheries Partnership		800,576
Sutter Health Systems		1,300,000
T. Buck Suzuki Environmental Foundation		229,566
The Dartmouth Center for Health Care Delivery Science		411,563
The Freshwater Trust		1,200,000
The Nature Conservancy		1,670,862
The Nature Conservancy – Alaska		640,790
Third Sector New England		2,769,452
Tides Canada Foundation		2,929,678
Tides Canada Initiatives		446,050
Transfair USA		237,430
United States Geological Survey		194,406

Grantees	Remaining Commitment
Project title (continued)	
United Tribes of Bristol Bay	$ 548,863
Universidade Federal de Vicosa	400,000
University of Arizona, Sponsored Projects Services	1,175,040
University of British Columbia, Botany Department	730,786
University of California	3,250,000
University of California Santa Cruz, Office of Sponsored Projects	475,000
University of California, Berkeley Department of Environmental Science, Policy, and Management	161,220
University of California, Berkeley Department of Physics	10,000
University of California, Berkeley Department of Plant and Microbial Biology	666,666
University of California, Berkeley Lawrence Hall of Science	214,300
University of California, Berkeley Sponsored Projects Office	10,400,000
University of California, Davis Department of Plant Sciences	666,666
University of California, Davis Genome Center	771,855
University of California, Davis Health System	7,135,096
University of California, Irvine Department of Earth System Science	425,000
University of California, Los Angeles Department of Physics and Astronomy	1,100,000
University of California, Riverside Botany and Plant Sciences Department	666,666
University of California, San Diego Division of Biological Sciences	666,666
University of California, San Diego Scripps Institution of Oceanography	2,047,679
University of California, San Francisco Center for the Health Professions	535,554
University of California, San Francisco Office of Sponsored Research	1,037,120
University of California, San Francisco Philip R. Lee Institute for Health Policy Studies	150,029
University of California, San Francisco School of Nursing	150,393
University of California, San Francisco, Department of Anesthesia and Perioperative Care	305,000
University of California, Santa Barbara, Marine Science Institute	1,189,366
University of California, Santa Cruz Department of Ocean Sciences, School of Earth & Marine Science	227,876
University of Chicago, Computation Institute	35,131
University of Chicago, Department of Geophysical Sciences	613,280
University of Colorado at Boulder, Department of Physics	971,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Project title (continued)	
University of East Anglia	$ 422,883
University of Hawaii Foundation	3,446,445
University of Minnesota, Institute on the Environment	300,000
University of Minnesota, Office of the President	1,000,000
University of New South Wales, Centre for Marine Bio-Innovation	982,564
University of North Carolina at Chapel Hill, Department of Biology	666,666
University of Pennsylvania, Department of Biostatistics and Epidemiology	616,396
University of Rhode Island Foundation	402,954
University of Southern California, Department of Biological Sciences	227,039
University of Southern California, Office of Research	1,630,623
University of Technology Sydney, Research and Innovation Office	2,010,223
University of Victoria, POLIS Project on Ecological Governance	398,871
University of Washington, Conservation Magazine	100,000
University of Washington, Department of Biology	666,666
University of Washington, Office of Sponsored Programs	10,675,411
University of Wisconsin-Madison, School of Medicine and Public Health	1,423,000
Virginia Tech, Department of Forestry and Environmental Conservation	100,000
Watershed Watch	365,178
Westcoast Aquatic Management Association	235,791
Wild Salmon Center	1,445,298
Wildlife Conservation Society	2,249,064
Woods Hole Oceanographic Institution	3,505,417
World Ocean Council	300,000
World Wildlife Fund	12,966,372
World Wildlife Fund Canada	1,295,560
Conditional Grants	$ 193,508,107

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