

FINANCIAL STATEMENTS

Gordon E. and Betty I. Moore Foundation
Years Ended December 31, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP



Gordon E. and Betty I. Moore Foundation

Financial Statements

Years Ended December 31, 2021 and 2020

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Report of Independent Auditors

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

Opinion

We have audited the financial statements of Gordon E. and Betty I. Moore Foundation (the “Foundation”), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 2021 and 2020, 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.

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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

August 4, 2022

Gordon E. and Betty I. Moore Foundation

Statements of Financial Position

	December 31	
	2021	2020
Assets		
Cash and cash equivalents	\$ 78,514,124	\$ 132,407,561
Dividends and interest receivable	296,498	148,940
Investments, at fair value	9,313,696,721	8,076,516,592
Pending investments	55,636,991	60,230,085
Investment redemptions receivable	128,727,437	260,869,354
Program related investments	3,297,500	1,657,500
Property and equipment, net	34,390,759	34,902,297
Prepaid federal excise tax	4,363,918	6,564,055
Prepaid expenses and other assets	1,438,710	1,286,127
Total assets	<u>\$ 9,620,362,658</u>	<u>\$ 8,574,582,511</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 21,650,300	\$ 18,598,499
Short term borrowings	-	100,009,366
Grants payable	3,558,250	16,359,203
Deferred federal excise tax	55,328,815	44,918,693
Total liabilities	<u>80,537,365</u>	<u>179,885,761</u>
Net assets, without donor restrictions	<u>9,539,825,293</u>	<u>8,394,696,750</u>
Total liabilities and net assets	<u>\$ 9,620,362,658</u>	<u>\$ 8,574,582,511</u>

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Statements of Activities and Changes in Net Assets

	Year Ended December 31	
	2021	2020
Revenues		
Net investment income	\$ 1,533,468,884	\$ 1,603,365,516
Tax expense on investment income	22,760,459	19,692,316
Investment return, net	1,510,708,425	1,583,673,200
Expenses		
Grants	333,239,045	269,200,958
Supporting	29,974,875	28,180,004
Direct charitable	2,365,962	2,248,549
Total expenses	365,579,882	299,629,511
Change in net assets without donor restrictions	1,145,128,543	1,284,043,689
Net assets, beginning of year	8,394,696,750	7,110,653,061
Net assets, end of year	\$ 9,539,825,293	\$ 8,394,696,750

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Statements of Cash Flows

	Year Ended December 31	
	2021	2020
Cash flows from operating activities		
Interest, dividends, and partnership distributions received	\$ 252,448,107	\$ 146,956,842
Tax payments	(10,150,200)	(1,294,346)
Cash paid to investment managers, suppliers, and employees	(47,804,252)	(46,715,701)
Grants paid	(346,039,998)	(267,841,755)
Net cash used in operating activities	<u>(151,546,343)</u>	<u>(168,894,960)</u>
Cash flows from investing activities		
Program-related investments	(2,000,000)	-
Repayment of program-related investments	360,000	907,500
Purchases of investments	(793,552,865)	(849,471,013)
Proceeds from sale of investments	994,332,420	1,004,800,285
Purchases of property and equipment	(1,477,283)	(394,304)
Net cash provided by investing activities	<u>197,662,272</u>	<u>155,842,468</u>
Cash flows from financing activities		
Proceeds from short term borrowing	-	100,009,366
Payments made on short term borrowing	(100,009,366)	-
Net cash (used in) provided by financing activities	<u>(100,009,366)</u>	<u>100,009,366</u>
Change in cash and cash equivalents	(53,893,437)	86,956,874
Cash and cash equivalents, beginning of year	132,407,561	45,450,687
Cash and cash equivalents, end of year	<u>\$ 78,514,124</u>	<u>\$ 132,407,561</u>
Change in net assets	\$ 1,145,128,543	\$ 1,284,043,689
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,988,821	2,005,842
Deferred federal excise tax	10,410,122	15,224,639
Net realized and unrealized gain on investments	(1,301,224,673)	(1,476,989,752)
Changes in operating assets and liabilities:		
Dividends and interest receivable	(147,558)	194,288
Prepaid expenses and other assets	(152,583)	(139,526)
Accounts payable and accrued liabilities	3,051,801	2,233,326
Grants payable	(12,800,953)	1,359,203
Prepaid federal excise tax	2,200,137	3,173,331
Net cash used in operating activities	<u>\$ (151,546,343)</u>	<u>\$ (168,894,960)</u>
Supplemental data for non-cash activities		
Investment redemptions receivable	<u>\$ 128,727,437</u>	<u>\$ 260,869,354</u>

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements

December 31, 2021

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 fosters path-breaking scientific discovery, environmental conservation, patient care improvements and preservation of the special character of the Bay Area. Visit Moore.org or follow @MooreFound.

2. Summary of Significant Accounting Policies

Basis of Presentation

The 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).

Net Assets Classification

The Foundation's net assets are all classified as net assets without donor restrictions. The Foundation has no assets with donor restrictions.

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. Amounts held could exceed federally insured limits.

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.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

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. 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 change in unrealized gains 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. 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.

Realized and unrealized gains or losses on investments, partnership distributions, interest and dividends, net of investment expenses are included in net investment income (loss) on the statements of activities and changes in net assets.

Pending Investments

Pending investments represent funds committed to investments and funded at year end but closed in January of the following year.

Investment Redemptions Receivable

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

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are 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 19 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.

Expense Allocations

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

The Foundation's operating expenses have been allocated between supporting expenses and direct charitable expenses. The Foundation's direct charitable expenses represent the amount spent on activities conducted by foundation staff or third parties (other than through grants) that are in direct support of its program areas and the philanthropic sector. 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. Program-related investments, which consist of loans receivable, are carried at cost, which approximates fair value.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Foundation is classified as a private foundation under Section 509(a) of the Code and is subject to federal excise taxes and taxes on unrelated business income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, amending the Accounting Standards Codification (ASC) 842. This update requires lessees to recognize operating and financing lease liabilities and corresponding right-of use assets on the statements of financial position. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Foundation is evaluating the impact of this guidance on its financial statements.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

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 government bonds are exposed to issuer credit risk until these bonds are sold or mature. The Foundation's investment portfolio consists of the following:

	December 31, 2021		December 31, 2020	
	Cost	Fair Value	Cost	Fair Value
Assets				
Public equities	\$1,107,447,532	\$2,242,483,332	\$1,068,509,838	\$2,028,597,839
Fixed income	932,160,807	1,015,579,075	687,350,268	776,878,137
Hedge funds	1,104,982,735	2,042,636,065	1,118,493,960	1,952,474,741
Excess returns	1,179,463,668	2,869,423,464	1,069,655,590	2,486,009,160
Real assets	990,712,755	1,125,274,917	894,784,110	826,391,002
Cash and cash equivalents	18,455,548	18,299,868	6,162,283	6,165,713
Total	<u>\$5,333,223,045</u>	<u>\$9,313,696,721</u>	<u>\$4,844,956,049</u>	<u>\$8,076,516,592</u>

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

	December 31, 2021		December 31, 2020	
	Cost	Fair Value	Cost	Fair Value
State Street U.S. Treasury 1-3 Year Index Commingled Fund	\$ 932,160,807	\$1,015,579,075	\$ 687,350,268	\$ 776,878,137

At December 31, 2021 and 2020, approximately 84% of the Foundation's investment assets were invested in limited partnerships, LLCs and certain commingled funds. Such investments generally have limited liquidity due to the structure, term, and investment strategy of the funds.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

4. Fair Value

ASC 820, *Fair Value Measurement*, establishes a fair value disclosure framework which prioritizes and ranks the level of observable inputs used in measuring investments at fair value.

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. The Foundation held no Level 2 investments as of December 31, 2021 and 2020.

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. The Foundation held no Level 3 investments as of December 31, 2021 and 2020.

NAV – Investments measured using net asset value (NAV) per share (or its equivalent) as the practical expedient have not been classified in the fair value hierarchy. These investments are presented to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the statements of financial position. 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 interest, without quoted prices.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table presents the investments carried on the statements of financial position by level within the fair value hierarchy as of December 31, 2021 and 2020, respectively:

	Level 1	Level 2	Level 3	NAV	Total
Assets					
Public equities	\$ 254,721,228	\$ –	\$ –	\$ 1,987,762,104	\$ 2,242,483,332
Fixed income	–	–	–	1,015,579,075	1,015,579,075
Hedge funds	–	–	–	2,042,636,065	2,042,636,065
Excess returns	–	–	–	2,869,423,464	2,869,423,464
Real assets	–	–	–	1,125,274,917	1,125,274,917
Cash and cash equivalents	18,299,868	–	–	–	18,299,868
Total as of December 31, 2021	\$ 273,021,096	\$ –	\$ –	\$ 9,040,675,625	\$ 9,313,696,721

	Level 1	Level 2	Level 3	NAV	Total
Assets					
Public equities	\$ 215,106,584	\$ –	\$ –	\$ 1,813,491,255	\$ 2,028,597,839
Fixed income	–	–	–	776,878,137	776,878,137
Hedge funds	–	–	–	1,952,474,741	1,952,474,741
Excess returns	–	–	–	2,486,009,160	2,486,009,160
Real assets	–	–	–	826,391,002	826,391,002
Cash and cash equivalents	6,165,713	–	–	–	6,165,713
Total as of December 31, 2020	\$ 221,272,297	\$ –	\$ –	\$ 7,855,244,295	\$ 8,076,516,592

There were no purchases of Level 3 securities and no transfers between levels of the fair value hierarchy for the year ended December 31, 2021 and 2020.

As of December 31, 2021, and 2020, the Foundation is committed to make additional investments of approximately \$1,104 million and \$977 million, respectively, in future years.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table lists investments in investment funds as of December 31, 2021 that have been valued using the NAV as a practical expedient, classified by major investment category:

<u>Assets</u>	<u>Investment strategy</u>	<u>Fair Value</u>	<u>Life of Funds (Years)</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Public equities	Global, primarily long-only equities	\$ 1,987,762,104	0–5	\$ 5,600,000	Ranges from daily to three-year rolling redemption with notice between 2 to 180 days	Lock up provisions of up to three years for certain funds
Hedge funds	Range of investment strategies across developed and emerging markets including long/short equity, absolute return, credit focused, and event-driven funds. Strategies may include liquid and illiquid underlying assets	2,042,636,065	0–12	41,570,000	Ranges from quarterly to five-year rolling redemption with notice between 45 to 150 days. Certain funds have no redemption rights until dissolution of the fund	Lock up provisions of up to five years for certain funds with two funds completely illiquid
Excess returns	Private equity and venture capital	2,869,423,464	0–18	428,619,020	Not eligible for redemption except for one fund with redemption rights every other year with 90 days' notice	Funds are primarily illiquid except for one fund
Real assets	Real estate and natural resources	1,125,274,917	0–15	627,984,196	Not eligible for redemption	Not eligible for redemption
Fixed income	U.S. Treasury Index Fund invested in securities of various durations	1,015,579,075	–	–	Daily redemption with two days' notice	None
		<u>\$ 9,040,675,625</u>		<u>\$ 1,103,773,216</u>		

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table lists investments in investment funds as of December 31, 2020 that have been valued using the NAV as a practical expedient, classified by major investment category:

<u>Assets</u>	<u>Investment strategy</u>	<u>Fair Value</u>	<u>Life of Funds (Years)</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Public equities	Global, primarily long-only equities	\$ 1,813,491,255	0–5	\$ –	Ranges from daily to three-year rolling redemption with notice between 2 to 180 days	Lock up provisions of up to 3 years for certain funds
Hedge funds	Range of investment strategies across developed and emerging markets including long/short equity, absolute return, credit focused, and event-driven funds. Strategies may include liquid and illiquid underlying assets	1,952,474,741	0–12	17,000,000	Ranges from quarterly to five-year rolling redemption with notice between 45 to 150 days. Certain funds have no redemption rights until dissolution of the fund	Lock up provisions of up to 5 years for certain funds with two funds completely illiquid
Excess returns	Private equity and venture capital	2,486,009,160	0–18	446,160,195	Not eligible for redemption except for one fund with redemption rights every other year with 90 days' notice	Funds are primarily illiquid except for one fund
Real assets	Real estate and natural resources	826,391,002	0–15	514,108,708	Not eligible for redemption	Not eligible for redemption
Fixed income	U.S. Treasury Index Fund invested in securities of various durations	776,878,137	–	–	Daily redemption with 2 days' notice	None
		<u>\$ 7,855,244,295</u>	<u>–</u>	<u>\$ 977,268,903</u>		

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

5. Program-Related Investments

The Foundation has made program-related investments in the form of loans with below market terms to organizations to assist them in achieving their charitable mission. These loans were funded up to two years and are expected to be repaid over an additional five to seven years, and bear interest at the rate of 1%. These loans are recorded on the statements of financial position at their principal amount, which approximates their fair value.

In August 2018, the Foundation renewed its guarantee of a bank loan to a charitable organization with a maximum exposure of \$22.5 million under the guarantee. As of December 31, 2020, the recorded exposure was estimated at \$15 million based on the likelihood of payment under the guarantee. In November 2021, the Foundation awarded a \$22.5 million grant to the charitable organization to pay down the principal loan amount and was released from its obligation under the guaranty. As a result, there was no recorded exposure for the guarantee as of December 31, 2021.

6. Property and Equipment

Property and equipment consisted of the following:

	December 31	
	2021	2020
Buildings	\$ 33,803,007	\$ 33,803,007
Leasehold improvements	19,866,758	26,727,413
Furniture, fixtures, and equipment	6,269,359	11,922,894
	<u>59,939,124</u>	<u>72,453,314</u>
Less accumulated depreciation and amortization	(25,548,365)	(37,551,017)
Property and equipment, net	<u>\$ 34,390,759</u>	<u>\$ 34,902,297</u>

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

7. Credit Facilities

The Foundation maintains a \$150 million uncommitted line of credit (the Line) to provide short-term working capital needs of the Foundation, carrying an interest rate of either Prime, LIBOR plus 0.40%, or a Bank Offered Rate, as defined within the Line's Master Note. As of December 31, 2021 and 2020, the amount outstanding against this facility was \$0 and \$100 million, respectively.

8. Taxes and Payout Requirement

In accordance with Section 4940(a) of the Internal Revenue Code, the Foundation is subject to a federal excise tax of 1.39% on net investment income for the years ended December 31, 2021 and 2020. The deferred excise tax provision is calculated based on the same rate on cumulative net unrealized gains on investments. In addition, the Foundation's investments in some limited partnerships may give rise to taxable federal and state unrelated business income.

The components of tax expense on investment income are as follows:

	Year Ended December 31	
	2021	2020
Current federal excise tax	\$ 10,106,630	\$ 5,580,082
Deferred federal excise tax	10,410,122	15,224,639
Unrelated business income tax	2,243,707	(1,112,405)
	<u>\$ 22,760,459</u>	<u>\$ 19,692,316</u>

The Internal Revenue Code requires private foundations to annually disburse approximately five percent of the net value of its noncharitable-use assets, as defined. The investments included in the five percent distribution requirement are based on average monthly balances and are exclusive of those assets deemed to be held for charitable activities. 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 \$379 million and \$300 million in 2021 and 2020, respectively.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

8. Taxes and Payout Requirement (continued)

The Foundation's qualifying distributions are expected to be below the payout requirements in 2021. At December 31, 2021, the Foundation's cumulative qualifying distribution shortfall is approximately \$144 million, which will be satisfied through distributions in 2022. Amounts for 2021 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 statements of financial position or statements of activities and changes in net assets.

9. 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.

10. Retirement Plan

The Foundation sponsors a defined contribution plan (the Plan) under IRC Section 401(k). The Plan covers all employees who meet eligibility requirements. Contributions to the Plan are made by the Foundation semi-monthly and vest immediately. Total expenses related to such plan for 2021 and 2020 were approximately \$1.7 million and \$1.6 million for each year, and are included in net investment income (loss) and supporting expenses on the statements of activities and changes in net assets.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

11. Commitments

In November 2007, the Foundation approved an additional commitment of \$200 million to a total of \$250 million to support development and construction of the Thirty Meter Telescope (TMT) project. Funding under this commitment will be allocated equally between the California Institute of Technology and the University of California, who are working in partnership on the TMT project. As of December 31, 2021, \$223.5 million in grants had been awarded under this commitment.

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

	<u>Unconditional</u>	<u>Conditional</u>
Year ending December 31:		
2022	\$ 3,136,250	\$ 122,773,100
2023	422,000	64,573,571
2024	–	27,864,646
2025 and thereafter	–	4,806,951
	<u>\$ 3,558,250</u>	<u>\$ 220,018,268</u>

Unconditional promises were recognized as grant expense in the period in which they were approved. Conditional promises to give will be recognized as grant expense when the defined barriers are overcome.

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, 2021 and 2020, was \$1,070,000 and \$719,000, respectively.

Future minimum lease payments under operating leases, net of estimated sublease income, at December 31, 2021, are as follows:

Year ending December 31:	
2022	\$ 1,088,000
2023	1,421,000
2024	1,454,000

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

12. Analysis of Expenses

The Foundation's expenses are allocated between grantmaking, direct charitable, and operational support activities. Grantmaking expenses pertain to the general grantmaking activities of the Foundation. Direct charitable expenses pertain to charitable activities for the benefit of others initiated and conducted in whole or in part by the Foundation. Operational support expenses include administrative costs related to managing the Foundation. The Foundation's functional expenses, displayed by natural expense classification, for the year ended December 31, 2021 and 2020, were as follows:

	Grantmaking	Direct Charitable	Operational Support	Total Expenses
Grants	\$ 333,239,045	\$ —	\$ —	\$ 333,239,045
Salary, benefits and payroll taxes	10,046,517	—	11,356,013	21,402,530
Legal fees	69,871	—	95,943	165,814
Accounting fees	—	—	377,362	377,362
Other professional fees	494,110	2,365,962	2,845,407	5,705,479
Depreciation	—	—	1,964,605	1,964,605
Occupancy	583,399	—	581,170	1,164,569
Travel, conferences and meetings	161,251	—	97,447	258,698
Printing and publications	32,545	—	58,467	91,012
Other expenses	461,720	—	749,048	1,210,768
Total as of December 31, 2021	<u>\$ 345,088,458</u>	<u>\$ 2,365,962</u>	<u>\$ 18,125,462</u>	<u>\$ 365,579,882</u>

	Grantmaking	Direct Charitable	Operational Support	Total Expenses
Grants	\$ 269,200,958	\$ —	\$ —	\$ 269,200,958
Salary, benefits and payroll taxes	9,834,269	—	10,772,488	20,606,757
Legal fees	59,992	—	110,907	170,899
Accounting fees	—	—	364,664	364,664
Other professional fees	775,929	2,248,459	1,738,428	4,762,816
Depreciation	—	—	1,989,437	1,989,437
Occupancy	404,423	—	398,322	802,745
Travel, conferences and meetings	351,276	—	179,651	530,927
Printing and publications	29,056	—	111,705	140,761
Other expenses	388,259	—	671,288	1,059,547
Total as of December 31, 2020	<u>\$ 281,044,162</u>	<u>\$ 2,248,459</u>	<u>\$ 16,336,890</u>	<u>\$ 299,629,511</u>

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

13. Liquidity

The Foundation's financial assets available within one year of December 31, 2021, to meet general expenditures include:

Cash and cash equivalents	\$ 78,514,124
Cash from investments	18,299,868
Dividends and interest receivable	296,498
Investment redemptions receivable	128,727,437
Public equities	1,707,552,370
Fixed income	1,015,579,075
Hedge funds	1,223,054,494
Excess returns	29,972,480
Real assets	56,643,468
Total financial assets	<u>\$ 4,258,639,814</u>

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. In addition to the available financial assets listed above, the Foundation has remaining line of credit agreement of \$150 million, which can be drawn upon in the event of immediate liquidity needs.

14. 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 on that basis expects the risk of loss to be remote.

15. Subsequent Events

The Foundation has evaluated subsequent events through August 4, 2022, which represents the date the 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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 22 to 28 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

August 4, 2022

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed

December 31, 2021

Grantees	Remaining Commitment
Activate	357,820
Agencia Estatal Del Consejo Superior de Investigaciones Científicas, Centro Andaluz de Biología del Desarrollo	146,250
American Association for the Advancement of Science	166,460
American College of Radiology	1,562,130
American Society for Cell Biology	944,384
Annual Reviews	1,200,000
Arctic Eider Society	320,626
Aria Strategic Communications LLC	450,000
Associated Universities, Inc., Green Bank Observatory	1,544,000
Association of Science-Technology Centers Incorporated	569,467
Barcelona Supercomputing Center, Project Management Office	164,288
Bates College, Office of Sponsored Programs and Research Compliance	100,000
Bering Sea Fishermen's Association	206,447
Berkeley Lab Foundation	1,000,000
Biology Centre CAS, Institute of Parasitology	200,000
Brunswick Group	822,500
California Academy of Sciences	102,500
California Council on Science and Technology	2,250,000
California Institute of Technology	15,750,000
California Institute of Technology, Caltech Center for Inclusion & Diversity	1,509,918
California Institute of Technology, Division of Biology and Biological Engineering	450,000
California Institute of Technology, Division of Engineering and Applied Science	744,847
California Institute of Technology, Division of Geology and Planetary Sciences	1,905,611
California Institute of Technology, Division of Physics, Mathematics and Astronomy	1,761,337
California Institute of Technology, Office of Foundation Relations	200,000
Camille & Henry Dreyfus Foundation	200,000
Cape Cod Commercial Fishermen's Alliance	100,000
Carnegie Institution for Science, Department of Embryology	1,126,014
Centre National de la Recherche Scientifique, Service Partenariat et Valorisation	300,000
Charles University, Faculty of Science	183,788

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
China Dialogue Trust	304,385
Climate Advisers	627,000
Climate Bonds Initiative	300,000
Coastal First Nations - Great Bear Initiative	400,000
Columbia University, Department of Mechanical Engineering	719,351
Columbia University, Department of Physics	1,096,640
Columbia University, Lamont-Doherty Earth Observatory	1,745,274
Conservation Law Foundation	750,000
Cornell University, Department of Materials Science and Engineering	280,000
Cornell University, Laboratory of Atomic and Solid State Physics	1,386,340
Dalhousie University, Financial Services	186,816
Deep Sea Conservation Coalition	1,166,667
Ecotrust Canada	150,000
Edinburgh Napier University, Research and Innovation Office	100,000
Environment Funders Canada	300,000
Environmental Justice Foundation	400,000
ETH Zurich Foundation	1,607,975
Exploratorium	5,726,367
Federation of American Scientists	499,784
FishChoice, Inc.	1,000,000
Fisheries Transparency Initiative	1,315,875
Foundations of Success	1,382,976
Friends of the Earth	175,000
Georgia Tech Research Corporation	450,000
Gulf of Maine Research Institute	126,609
Harvard University, Black Hole Initiative	4,443,012
Harvard University, Department of Organismic and Evolutionary Biology	1,290,719
Harvard University, Department of Physics	2,219,868
Harvard University, Petrie-Flom Center for Health Law Policy, Biotechnology, and Bioethics at Harvard Law School	200,000
Heinrich Heine University Düsseldorf, Research Management and Transfer Department	400,000
Imperial College London, Department of Physics	189,289
Institute for Complex Adaptive Matter	430,529
International Seafood Sustainability Foundation	1,174,000
Inuit Circumpolar Council Foundation	51,722
Johns Hopkins University, Department of Physics and Astronomy	1,475,480

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Laboratory for Research in Complex Systems	99,971
Las Cumbres Observatory	363,014
Leiden University, Faculty of Science, Institute of Biology	300,000
Macquarie University, Office of Advancement	200,000
Maine Coast Fishermen's Association	150,000
MakeWay Charitable Society	200,000
MakeWay Foundation	1,521,200
Marine Biological Laboratory	1,836,715
Marine Fish Conservation Network	1,171,000
Massachusetts General Hospital	73,667
Massachusetts Institute of Technology, Department of Electrical Engineering and Computer Science	450,000
Massachusetts Institute of Technology, Department of Physics	1,754,200
Max Planck Society, Institute of Animal Behavior	595,000
Monmouth University, Urban Coast Institute	370,085
Multiplier	897,000
Mushkegowuk Council	400,000
National Academy of Sciences, National Academy of Medicine	1,031,871
National Audubon Society	950,000
National Indian Brotherhood	250,000
National Marine Sanctuary Foundation	200,000
National Wildlife Federation	1,975,617
Natural Resources Defense Council	600,000
New Venture Fund	10,125,000
New York Public Radio	565,000
New York University, Office of Sponsored Programs	200,000
Northeastern University, Research Enterprise Services	99,750
Northwestern University, Center for Interdisciplinary Exploration and Research in Astrophysics	497,037
Northwestern University, Department of Chemistry	1,309,213
Ocean Conservancy	4,616,682
Ocean Outcomes	1,097,581
Ocean Unite	1,417,025
Oceana Canada	1,000,000
Oceans North	3,902,105
Ohio State University, Office of Sponsored Programs	1,200,000
Pacific Environment	570,552

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Pennsylvania State University, Office of Sponsored Programs	280,000
Pew Charitable Trusts	900,000
Princeton University, Department of Chemistry	560,000
Princeton University, Department of Electrical Engineering	305,400
Princeton University, Department of Molecular Biology	1,162,045
Princeton University, Department of Physics	2,769,920
Purdue University, Sponsored Program Services	225,000
Rainforest Alliance	1,400,000
Rensselaer Polytechnic Institute, Darrin Fresh Water Institute	99,216
Research Foundation of State University of New York	225,000
Rice University, Department of Physics and Astronomy	604,740
Rockefeller Philanthropy Advisors	423,241
Royal Netherlands Institute for Sea Research	99,981
Rutgers University, Department of Physics and Astronomy	1,303,800
San Diego State University Research Foundation	2,337,433
Seas at Risk	947,184
Silicon Valley Community Foundation	162,750
Smithsonian Institution, Astrophysical Observatory Stand	4,860,257 300,000
Stanford University, Department of Applied Physics	5,960,340
Stanford University, Department of Physics	2,418,227
Stanford University, Geballe Laboratory for Advanced Materials	992,940
Stanford University, Graduate School of Education	318,388
Stanford University, Office of Sponsored Research	200,000
Stanford University, School of Medicine	450,000
Stockholm Environment Institute	3,203,000
The Hebrew University of Jerusalem, Authority for Research and Development	200,000
The Nature Conservancy	150,000
The Ocean Foundation	275,000
The Outlaw Ocean Project	250,000
The Trust for Public Land	410,092
Université Paris-Saclay, Unité Écologie, Systématique et Évolution	277,933
University of Arizona, Sponsored Projects and Contracting Services	846,667
University of Bristol, School of Biological Sciences	270,861
University of British Columbia, Department of Botany	1,999,305
University of California	10,750,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
University of California, Berkeley California Institute for Quantitative Biosciences	1,372,750
University of California, Berkeley College of Chemistry	700,000
University of California, Berkeley Department of Earth and Planetary Science	200,000
University of California, Berkeley Department of Integrative Biology	207,923
University of California, Berkeley Department of Physics	2,432,680
University of California, Berkeley Sponsored Projects Office	2,731,250
University of California, Davis Health System	1,546,785
University of California, Davis Office of Research Sponsored Programs	100,000
University of California, Irvine Department of Physics and Astronomy	425,583
University of California, Los Angeles Department of Physics and Astronomy	964,853
University of California, Los Angeles Office of Contract and Grant Administration	268,838
University of California, San Diego Department of Chemistry and Biochemistry	410,104
University of California, San Diego Department of Physics	523,303
University of California, San Diego Office of Contract and Grant Administration	200,000
University of California, San Diego Scripps Institution of Oceanography	199,787
University of California, San Francisco Office of Sponsored Research	200,000
University of California, Santa Barbara Department of Physics	1,542,082
University of California, Santa Barbara Kavli Institute for Theoretical Physics	400,000
University of California, Santa Cruz, Office of Sponsored Projects	160,196
University of Cambridge, Department of Biochemistry	1,127,750
University of Chicago, Department of Medicine	225,000
University of Chicago, Department of Physics	380,370
University of Colorado at Boulder, Department of Physics	2,839,040
University of Connecticut, Sponsored Program Services	323,015
University of Copenhagen, Department of Biology	1,265,625
University of Florida, Department of Microbiology and Cell Science	200,000
University of Georgia, Department of Marine Sciences	100,000
University of Hawai'i, Hawai'i Institute of Marine Biology	245,250
University of Hawai'i, Institute for Astronomy	367,048
University of Hawai'i, Office of Research Services	5,863,833
University of Illinois at Urbana-Champaign, Carl R. Woese Institute for Genomic Biology	1,142,722
University of Illinois at Urbana-Champaign, Department of Chemistry	200,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
University of Illinois at Urbana-Champaign, Department of Physics	1,673,480
University of Illinois at Urbana-Champaign, Department of Physics and Institute for Condensed Matter Theory	215,596
University of Konstanz, Division of Financial Affairs	93,063
University of Konstanz, Limnological Institute, Department of Biology	1,066,475
University of Liverpool, Research Support Office	100,000
University of Maryland, Department of Physics	280,000
University of Massachusetts Amherst, Sponsored Research Office	200,000
University of Melbourne, Research Grants	76,680
University of Michigan, Department of Ecology and Evolutionary Biology	1,175,518
University of Michigan, Office of Research and Sponsored Projects	1,135,137
University of New South Wales, Division of Philanthropy	100,000
University of Nottingham, School of Biosciences	100,000
University of Oregon, Eugene, Institute of Neuroscience	1,274,816
University of Oregon, Sponsored Projects Services	356,000
University of Oxford, Department of Physics	2,454,106
University of Oxford, Research Services	98,750
University of Pennsylvania, Department of Mechanical Engineering and Applied Mechanics	225,000
University of Pittsburgh, Office of Sponsored Programs	551,116
University of Queensland, Office of Sponsored Research	200,000
University of Rochester, Department of Mechanical Engineering	924,838
University of South Carolina, Office of Sponsored Awards Management	65,059
University of Southern California, Dornsife College of Letters, Arts and Sciences Physics & Astronomy Department	1,266,667
University of Tennessee, Department of Materials Science and Engineering	280,000
University of Toronto, Research Services	548,028
University of Vienna, Department of Physics	1,192,041
University of Warwick, School of Life Sciences	1,184,735
University of Washington, Department of Computer Science & Engineering	450,000
University of Washington, Office of Sponsored Programs	351,989
University of Wisconsin-Madison, Research and Sponsored Programs	280,000
Wellcome Sanger Institute	468,719
West Coast Environmental Law	1,200,000
Wild Me	563,050
Wildlands League	296,125
Wildlife Conservation Society	339,750

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Woods Hole Oceanographic Institution	424,999
World Business Council for Sustainable Development	1,178,989
World Resources Institute	928,565
World Wildlife Fund	5,599,057
World Wildlife Fund Canada	1,000,000
Yale University, Department of Chemistry	305,000
Yale University, Department of Mechanical Engineering and Materials Science	280,000
York University, Office of Research Services	216,000
ZappyLab, Inc.	95,063
Grand Total	\$ 220,018,268

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