

FINANCIAL STATEMENTS

Gordon E. and Betty I. Moore Foundation
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Ernst & Young LLP



Gordon E. and Betty I. Moore Foundation

Financial Statements

Years Ended December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 8, 2024

Gordon E. and Betty I. Moore Foundation

Statements of Financial Position

	December 31	
	2023	2022
Assets		
Cash and cash equivalents	\$ 55,157,037	\$ 48,846,739
Dividends and interest receivable	665,101	407,549
Investments, at fair value	8,381,816,819	7,939,329,662
Pending investments	31,944,188	25,071,489
Investment redemptions receivable	228,186,692	202,706,421
Program related investments	23,727,100	15,302,500
Property and equipment, net	30,840,604	32,737,841
Operating lease right-of-use assets	10,878,862	11,773,623
Prepaid federal excise tax	1,968,683	1,208,220
Prepaid expenses and other assets	1,073,719	1,277,239
Total assets	<u>\$ 8,766,258,805</u>	<u>\$ 8,278,661,283</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,660,930	\$ 9,832,654
Grants payable	11,177,452	1,411,875
Operating lease liabilities	10,970,641	11,851,010
Deferred federal excise tax	42,039,830	33,955,218
Total liabilities	<u>76,848,853</u>	<u>57,050,757</u>
Net assets, without donor restrictions	<u>8,689,409,952</u>	<u>8,221,610,526</u>
Total liabilities and net assets	<u>\$ 8,766,258,805</u>	<u>\$ 8,278,661,283</u>

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Statements of Activities and Changes in Net Assets

	Year Ended December 31	
	2023	2022
Revenues		
Net investment income (loss)	\$ 934,823,113	\$ (904,221,423)
Tax expense (benefit) on investment income (loss)	<u>13,951,270</u>	<u>(7,429,783)</u>
Investment return, net	920,871,843	(896,791,640)
Expenses		
Grants	408,113,771	383,028,212
Supporting	37,888,774	32,528,182
Direct charitable	<u>7,069,872</u>	<u>5,866,733</u>
Total expenses	453,072,417	421,423,127
Change in net assets without donor restrictions	467,799,426	(1,318,214,767)
Net assets, beginning of year	<u>8,221,610,526</u>	<u>9,539,825,293</u>
Net assets, end of year	<u>\$ 8,689,409,952</u>	<u>\$ 8,221,610,526</u>

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Statements of Cash Flows

	Year Ended December 31	
	2023	2022
Cash flows from operating activities		
Interest, dividends, and partnership distributions received	\$ 168,197,921	\$ 435,766,652
Tax payments	(6,627,121)	(10,788,116)
Cash paid to investment managers, suppliers, and employees	(58,255,042)	(68,544,553)
Grants paid	(398,348,194)	(385,174,587)
Net cash used in operating activities	(295,032,436)	(28,740,604)
Cash flows from investing activities		
Program-related investments	(18,892,100)	(12,915,000)
Repayment of program-related investments	10,467,500	910,000
Purchases of investments	(740,848,960)	(710,898,743)
Proceeds from sale of investments	1,050,930,548	722,494,170
Purchases of property and equipment	(314,254)	(517,208)
Net cash provided by (used in) investing activities	301,342,734	(926,781)
Change in cash and cash equivalents	6,310,298	(29,667,385)
Cash and cash equivalents, beginning of year	48,846,739	78,514,124
Cash and cash equivalents, end of year	55,157,037	48,846,739
Change in net assets	467,799,426	(1,318,214,767)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	2,211,491	2,170,126
Deferred federal excise tax	8,084,612	(21,373,597)
Net realized and unrealized (gain) loss on investments	(784,921,715)	1,319,358,150
Changes in operating assets and liabilities:		
Dividends and interest receivable	(257,552)	(111,051)
Prepaid expenses and other assets	203,520	161,471
Accounts payable and accrued liabilities	2,828,276	(11,817,646)
Grants payable	9,765,577	(2,146,375)
Prepaid federal excise tax	(760,463)	3,155,698
Lease liabilities, net of right-of-use assets	14,392	77,387
Net cash used in operating activities	\$ (295,032,436)	\$ (28,740,604)
Supplemental data for non-cash activities		
Investment redemptions receivable	\$ 228,186,692	\$ 202,706,421

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements

December 31, 2023

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, and preservation of the special character of the Bay Area. Visit Moore.org or follow [@MooreFound](https://www.instagram.com/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 17 years.

Grants

Grants are recognized as expenses when the unconditional promise to give is approved. Conditional promises to give are recognized as grant expenses 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 U.S. GAAP 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.

Adoption of Accounting Pronouncements

The Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, effective January 1, 2023, which changed how entities account for credit losses for most financial assets and instruments not measured at fair value through net income and requires entities to estimate an expected lifetime credit loss on financial assets. The adoption did not have a material impact on the Foundation's Statements of Financial Position and Statements of Activities and Changes in Net Assets.

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.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

3. Investments (continued)

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.

At December 31, 2023 and 2022, 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.

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, 2023 and 2022.

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, 2023 and 2022.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

4. Fair Value (continued)

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.

The investments carried on the statements of financial position by level within the fair value hierarchy as of December 31, 2023, were as follows:

	Level 1	Level 2	Level 3	NAV	Total
Assets					
Public equities	\$ 285,398,161	\$ –	\$ –	\$ 1,620,897,262	\$ 1,906,295,423
Fixed income	–	–	–	913,913,851	913,913,851
Hedge funds	–	–	–	1,830,435,167	1,830,435,167
Excess returns	–	–	–	2,448,819,064	2,448,819,064
Real assets	–	–	–	1,270,089,871	1,270,089,871
Cash and cash equivalents	12,263,443	–	–	–	12,263,443
Total as of December 31, 2023	<u>\$ 297,661,604</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 8,084,155,215</u>	<u>\$ 8,381,816,819</u>

The investments carried on the statements of financial position by level within the fair value hierarchy as of December 31, 2022, were as follows:

	Level 1	Level 2	Level 3	NAV	Total
Assets					
Public equities	\$ 215,337,531	\$ –	\$ –	\$ 1,627,340,119	\$ 1,842,677,650
Fixed income	–	–	–	766,958,749	766,958,749
Hedge funds	–	–	–	1,758,171,696	1,758,171,696
Excess returns	–	–	–	2,356,219,363	2,356,219,363
Real assets	–	–	–	1,207,377,543	1,207,377,543
Cash and cash equivalents	7,924,661	–	–	–	7,924,661
Total as of December 31, 2022	<u>\$ 223,262,192</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 7,716,067,470</u>	<u>\$ 7,939,329,662</u>

There were no purchases of Level 3 securities and no transfers between levels of the fair value hierarchy for the year ended December 31, 2023 and 2022.

As of December 31, 2023, and 2022, the Foundation is committed to make additional investments of approximately \$960 million and \$1,184 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, 2023 that have been valued using the NAV as a practical expedient, classified by major investment category:

Assets	Investment strategy	Fair Value	Life of Funds (Years)	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Public equities	Global, primarily long-only equities	\$ 1,620,897,262	0–5	\$ –	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	1,830,435,167	0–12	15,327,000	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	2,448,819,064	0–18	485,975,797	Generally not eligible for redemption. Certain funds have semi-annual redemption rights with 90 days' notice	Funds are primarily illiquid except for certain funds with lock up provisions of four years
Real assets	Real estate and natural resources	1,270,089,871	0–15	458,951,175	Not eligible for redemption except for one fund with annual redemption rights with 60 days' notice	Not eligible for redemption except for one fund
Fixed income	U.S. Treasury Index Fund invested in securities of various durations	913,913,851	–	–	Daily redemption with two days' notice	None
		<u>\$ 8,084,155,215</u>		<u>\$ 960,253,972</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, 2022 that have been valued using the NAV as a practical expedient, classified by major investment category:

Assets	Investment strategy	Fair Value	Life of Funds (Years)	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Public equities	Global, primarily long-only equities	\$ 1,627,340,119	0–5	\$ –	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	1,758,171,696	0–12	26,724,000	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	2,356,219,363	0–18	603,664,624	Generally not eligible for redemption. Certain funds have semi-annual redemption rights with 90 days' notice	Funds are primarily illiquid except for certain funds with lock up provisions of four years
Real assets	Real estate and natural resources	1,207,377,543	0–15	553,519,365	Not eligible for redemption except for one fund with annual redemption rights with 60 days' notice	Not eligible for redemption except for one fund
Fixed income	U.S. Treasury Index Fund invested in securities of various durations	766,958,749	–	–	Daily redemption with two days' notice	None
		<u>\$ 7,716,067,470</u>		<u>\$ 1,183,907,989</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 are expected to be repaid over two to eight years, and bear interest at the rate of 0.5% to 2%. These loans are recorded on the statements of financial position at their principal amount, which approximates their fair value.

6. Property and Equipment

Property and equipment consisted of the following:

	December 31	
	2023	2022
Buildings	\$ 33,803,007	\$ 33,803,007
Leasehold improvements	20,093,075	20,067,384
Furniture, fixtures, and equipment	5,832,548	6,227,813
	59,728,630	60,098,204
Less accumulated depreciation and amortization	(28,888,026)	(27,360,363)
Property and equipment, net	\$ 30,840,604	\$ 32,737,841

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. At December 31, 2023 and 2022, the credit line carries interest rate options of either Prime or Secured Overnight Financing Rate (SOFR), as defined within the Line's Master Note. There were no outstanding principal balances at December 31, 2023 and 2022.

8. Federal Excise and Unrelated Business Income Tax

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, 2023 and 2022. 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.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

8. Federal Excise and Unrelated Business Income Tax (continued)

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

	Year Ended December 31	
	2023	2022
Current federal excise tax	\$ 3,726,167	\$ 11,000,010
Deferred federal excise tax (benefit)	8,084,612	(21,373,597)
Unrelated business income tax	2,140,491	2,943,804
	<u>\$ 13,951,270</u>	<u>\$ (7,429,783)</u>

The Foundation believes it has appropriate support for the excise and other tax positions taken and, as such, does not have any uncertain tax positions that result in a material impact on the Foundation's financial position or change in total 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 2023 and 2022 were approximately \$2.0 million and \$1.8 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

(a) Grants

In November 2007, the Foundation approved an additional commitment of \$200 million to a total of \$250 million to support the development and construction of the Thirty Meter Telescope (TMT) project. Funding under this commitment were 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, 2023, \$250 million in grant awards under this commitment had been fully paid.

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:		
2024	\$ 8,871,202	\$ 138,667,965
2025	2,306,250	60,114,445
2026	–	21,958,435
2027	–	5,171,260
	<u>\$ 11,177,452</u>	<u>\$ 225,912,105</u>

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

(b) Lease

The Foundation leases office space in San Francisco and Palo Alto under long-term, non-cancelable lease agreements which expire at various dates through 2040. The leases include payments for common area maintenance, utilities, taxes and insurance that are considered variable lease payments and are excluded from determining the lease liabilities and right-of-use assets. In addition, the Palo Alto lease has additional rent amounts which may become due based upon gross income from subleasing activities or appraised value of the property. These amounts are also considered variable rent and excluded from determining the lease liabilities and right-of-use assets.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

11. Commitments (continued)

The components of lease expense for the year ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 1,113,742	\$ 1,163,037
Variable lease cost	587,601	378,728
Total leasing expense	<u>\$ 1,701,343</u>	<u>\$ 1,541,765</u>

Supplemental cash flow and other information related to operating leases as of December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,099,350	\$ 1,085,651
Weighted-average remaining lease term	14.5 Year	14.8 Year
Weighted-average discount rate	1.9%	1.9%

Future minimum payments required under operating leases, at December 31, 2023 and 2022, are as follows:

Year ending December 31:		
2024	\$ 1,113,489	\$ 1,099,350
2025	1,128,025	1,113,489
2026	1,143,001	1,128,025
2027	1,158,405	1,143,001
2028	673,277	1,158,405
2029 and thereafter	7,443,844	8,117,123
Total lease payments	<u>12,660,041</u>	13,759,393
Less present value discount	<u>(1,689,400)</u>	(1,908,383)
Total operating lease liabilities	<u>\$ 10,970,641</u>	<u>\$ 11,851,010</u>

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, 2023 and 2022, were as follows:

	Grantmaking	Direct Charitable	Operational Support	2023 Total Expenses
Grants	\$ 408,113,771	\$ –	\$ –	\$ 408,113,771
Salary, benefits and payroll taxes	12,199,207	–	14,296,148	26,495,355
Legal fees	107,251	1,295	83,161	191,707
Accounting fees	–	–	381,927	381,927
Other professional fees	1,637,646	6,355,748	1,768,827	9,762,221
Depreciation	1,107,736	–	1,076,326	2,184,062
Occupancy	788,098	–	765,751	1,553,849
Travel, conferences and meetings	1,396,418	474,467	680,537	2,551,422
Printing and publications	23,757	238,362	52,261	314,380
Other expenses	540,954	–	982,769	1,523,723
Total as of December 31, 2023	<u>\$ 425,914,838</u>	<u>\$ 7,069,872</u>	<u>\$ 20,087,707</u>	<u>\$ 453,072,417</u>

	Grantmaking	Direct Charitable	Operational Support	2022 Total Expenses
Grants	\$ 383,028,212	\$ –	\$ –	\$ 383,028,212
Salary, benefits and payroll taxes	10,592,475	–	12,253,783	22,846,258
Legal fees	110,386	33,132	141,214	284,732
Accounting fees	–	–	402,641	402,641
Other professional fees	1,049,631	5,812,269	2,058,035	8,919,935
Depreciation	1,062,311	–	1,077,675	2,139,986
Occupancy	639,831	–	649,085	1,288,916
Travel, conferences and meetings	844,467	20,250	255,179	1,119,896
Printing and publications	27,149	1,082	65,959	94,190
Other expenses	482,863	–	815,498	1,298,361
Total as of December 31, 2022	<u>\$ 397,837,325</u>	<u>\$ 5,866,733</u>	<u>\$ 17,719,069</u>	<u>\$ 421,423,127</u>

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

13. Liquidity

The Foundation's financial assets available to meet general expenditures within one year of December 31, 2023 and 2022, include:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 55,157,037	\$ 48,846,739
Cash from investments	12,263,443	7,924,660
Dividends and interest receivable	665,101	407,549
Investment redemptions receivable	228,186,692	202,706,421
Public equities	1,642,113,989	1,365,396,219
Fixed income	913,868,149	766,958,749
Hedge funds	1,098,749,126	1,049,503,491
Excess returns	14,453,287	12,420,262
Real assets	89,417,653	67,314,613
Total financial assets	<u>\$ 4,054,874,477</u>	<u>\$ 3,521,478,703</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 a 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, except for 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, carries insurance to cover any future claims or losses, and therefore expects the risk of loss to be remote.

Gordon E. and Betty I. Moore Foundation

Notes to Financial Statements (continued)

15. Subsequent Events

The Foundation has evaluated subsequent events through August 8, 2024, which represents the date the financial statements are available to be issued.

In August 2023, the Foundation was notified by legal counsel that it is a remainder beneficiary of the marital trust (the “Trust”) created upon Gordon Moore’s death and will receive the residue of that Trust after payment of specific bequests, specific charitable gifts, and expenses. Management believes it may be several years before the estate is settled and the trust assets are fully distributed to the Foundation.

In March 2024, trustees for the Trust made a preliminary distribution of assets to the Foundation, subject to a legal refunding agreement.

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