Consolidated Financial Statements

Gordon E. and Betty I. Moore Foundation
Years Ended December 31, 2015 and 2014
With Report of Independent Auditors

Ernst & Young LLP

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Building a better working world

Gordon E. and Betty I. Moore Foundation

Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

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Building a better working world

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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, 2015 and 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gordon E. and Betty I. Moore Foundation and Subsidiary at December 31, 2015 and 2014, 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

July 13, 2016

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Financial Position

	December 31	
	2015	**2014**
Assets		
Cash and cash equivalents	**$ 216,193,085**	$ 195,183,669
Dividends and interest receivable	**214,417**	187,889
Investments, at fair value	**6,107,428,027**	6,225,677,642
Pending investments	**–**	5,000,000
Investment redemptions receivable	**968,319**	85,043,982
Program related investments	**2,900,000**	3,500,000
Property and equipment, net of accumulated depreciation	**42,814,679**	44,027,796
Prepaid excise tax	**16,333,709**	432,803
Prepaid expenses and other assets	**1,371,196**	331,158
Total assets	**$ 6,388,223,432**	$ 6,559,384,939
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 13,612,112**	$ 11,118,897
Grants payable	**19,716,731**	30,899,886
Deferred federal excise tax	**14,513,729**	16,791,690
Total liabilities	**47,842,572**	58,810,473
Net assets, unrestricted	**6,340,380,860**	6,500,574,466
Total liabilities and net assets	**$ 6,388,223,432**	$ 6,559,384,939

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31	
	2015	**2014**
Investment income:		
Dividends	**$ 11,913,737**	$ 12,529,871
Interest	**171,949**	189,519
Partnership distributions	**166,418,988**	286,594,748
Realized gains on sale of investments	**105,948,549**	124,436,131
Net change in unrealized loss on investments	**(113,640,528)**	(11,124,427)
Total investment income	**170,812,695**	412,625,842
Investment expenses	**16,869,758**	16,752,860
Taxes	**3,769,064**	600,334
Net investment income	**150,173,873**	395,272,648
Expenses:		
Grants	**276,697,190**	220,060,457
Supporting expenses	**31,834,207**	28,610,285
Direct charitable expenses	**1,836,082**	3,670,249
Total expenses	**310,367,479**	252,340,991
Change in net assets	**(160,193,606)**	142,931,657
Unrestricted net assets, beginning of year	**6,500,574,466**	6,357,642,809
Unrestricted net assets, end of year	**$ 6,340,380,860**	$ 6,500,574,466

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Cash Flows

	Year Ended December 31 2015	2014
Operating activities		
Interest, dividends, and partnership distributions received	**$ 178,478,146**	$ 299,365,349
Tax payments	**(21,947,931)**	(2,257,984)
Cash paid to investment managers, suppliers, and employees	**(47,000,884)**	(46,608,988)
Grants paid	**(287,880,345)**	(220,660,096)
Net cash (used in) provided by operating activities	**(178,351,014)**	29,838,281
Investing activities		
Principal advances to Program related investment loan recipients	**–**	(2,100,000)
Repayment of Program related investment	**600,000**	–
Purchases of investments	**(483,910,495)**	(541,768,995)
Proceeds from sale of investments	**683,543,794**	498,613,252
Purchases of property and equipment	**(872,869)**	(589,468)
Net cash provided by (used in) investing activities	**199,360,430**	(45,845,211)
Net increase (decrease) in cash and cash equivalents	**21,009,416**	(16,006,930)
Cash and cash equivalents, beginning of year	**195,183,669**	211,190,599
Cash and cash equivalents, end of year	**$ 216,193,085**	$ 195,183,669
(Decrease) increase in net assets	**$ (160,193,606)**	$ 142,931,657
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**2,085,986**	2,031,924
Deferred federal excise tax	**(2,277,961)**	(547,337)
Net realized and unrealized loss (gain) on investments	**7,691,979**	(113,311,704)
Changes in operating assets and liabilities:		
Dividends and interest receivable	**(26,528)**	51,211
Prepaid expenses and other assets	**(1,040,038)**	(51,666)
Accounts payable and accrued liabilities	**2,493,215**	444,148
Grants payable	**(11,183,155)**	(599,639)
Prepaid excise tax	**(15,900,906)**	(1,110,313)
Net cash (used in) provided by operating activities	**$ (178,351,014)**	$ 29,838,281
Supplemental data for non-cash activities		
Investment redemptions receivable	**$ 968,319**	$ 85,043,982

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 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 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. 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.

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,

2. Summary of Significant Accounting Policies (continued)

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.

Pending Investments

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

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 25 years.

2. Summary of Significant Accounting Policies (continued)

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 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 direct support of its program areas and the philanthropic sector in general. Supporting expenses represent amounts spent on grant making 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 investments, which consist of 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.

2. Summary of Significant Accounting Policies (continued)

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.

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

In May 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-07 *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2015-07). ASU 2015-07 updates existing fair value guidance and amends Accounting Standards Codification 820, *Fair Value Measurement*. Under the amendments of ASU 2015-07, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. ASU 2015-07 is effective for annual reporting periods beginning after December 15, 2016 and early adoption is permitted. The early adoption of ASU 2015-07 by the Foundation changed certain disclosures in Note 4, but did not have a material impact on its consolidated financial position, results of operations or cash flows.

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.

The Foundation's investment portfolio consists of the following:

	December 31, 2015		**December 31, 2014**	
Assets	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Public equities	**$ 1,143,239,028**	**$ 1,836,049,860**	$ 1,106,314,374	$ 1,900,988,325
Fixed income	**670,291,925**	**694,069,447**	700,009,806	720,039,410
Hedge funds	**1,100,125,443**	**1,863,541,369**	1,078,385,166	1,875,234,276
Excess returns	**677,060,390**	**949,323,449**	648,099,560	918,444,327
Real assets	**709,472,333**	**693,053,440**	769,027,851	715,442,570
Registered investment company	**86,601,884**	**46,374,671**	66,601,884	47,716,501
Cash and cash equivalents	**24,998,862**	**25,015,791**	47,960,311	47,812,233
Total	**$ 4,411,789,865**	**$ 6,107,428,027**	$ 4,416,398,952	$ 6,225,677,642

3. Investments (continued)

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

	December 31, 2015		December 31, 2014	
	Cost	**Fair Value**	**Cost**	**Fair Value**
State Street U.S. Treasury 1-3 Year Index Commingled Fund	**$ 670,291,925**	**$ 694,069,447**	$ 700,009,806	$ 720,039,410

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 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, 2015 and 2014, are included within Investments, at fair value, 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.

3. Investments (continued)

The net fair value of the Foundation's derivative holdings at December 31, 2015, was ($0.3) million, in which $0.4 million was in derivative assets and $0.7 million was in derivative liabilities, both of which are reflected within the consolidated statements of financial position as part of Investments, at fair value. The primary types of derivative risk exposures are foreign exchange, commodity, equity, and other contracts. The total notional amounts related to these derivatives was $43 million and $48 million at December 31, 2015 and 2014, respectively. The Foundation's obligation to return cash collateral of $0.4 million at December 31, 2015 was offset against Investments, at fair value, on the consolidated statements of financial position.

The use of financial derivative instruments by the Foundation 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, 2015 and 2014, 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 Measurement*, 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:

4. Fair Value (continued)

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.

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.

Practical Expedient – Investments for which fair value is measured at net asset value per share (or its equivalent). 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.

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, 2015 and 2014, respectively:

Assets	Level 1	Level 2	Practical Expedient	Total
Public equities	**$ 272,571,012**	**$ –**	**$ 1,563,478,848**	**$ 1,836,049,860**
Fixed income	**–**	**–**	**694,069,447**	**694,069,447**
Hedge funds	**–**	**–**	**1,863,541,369**	**1,863,541,369**
Excess returns	**–**	**310,416**	**949,013,033**	**949,323,449**
Real assets	**10,347,477**	**(498,183)***	**683,204,146**	**693,053,440**
Registered investment companies	**46,374,671**	**–**	**–**	**46,374,671**
Cash and cash equivalents	**25,015,791**	**–**	**–**	**25,015,791**
Total as of December 31, 2015	**$ 354,308,951**	**$ (187,767)**	**$ 5,753,306,843**	**$ 6,107,428,027**

Assets	Level 1	Level 2	Practical Expedient	Total
Public equities	$ 296,402,293	$ (24,648)*	$ 1,604,610,678	$ 1,900,988,323
Fixed income	–	–	720,039,410	720,039,410
Hedge funds	–	–	1,875,234,277	1,875,234,277
Excess returns	–	2,733,698	915,710,628	918,444,326
Real assets	13,640,268	(1,060,360)*	702,862,663	715,442,571
Registered investment companies	47,716,501	–	–	47,716,501
Cash and cash equivalents	47,812,234	–	–	47,812,234
Total as of December 31, 2014	$ 405,571,296	$ 1,648,690	$ 5,818,517,656	$ 6,225,677,642

* Negative positions from over-the-counter Options, Swaps and Forward contracts.

4. Fair Value (continued)

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, 2015:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Public equities[a]	$ 1,563,478,848	$ 5,010,282	Daily, Weekly, Monthly, Quarterly, Semi-Annually, Annually, None	2–180 days
Hedge funds[b]	1,863,541,369	2,280,884	Quarterly, Semi-Annually, Annually, Multi-year, None	30–180 days
Excess Returns[c]	949,013,033	337,596,365	None	N/A
Real Assets[c]	683,204,146	441,503,580	None	N/A
Total	$ 5,059,237,396	$ 786,391,111		

[a] This category includes non-registered funds that pursue mostly long-only strategies by investing 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 $12 million in value. It is estimated that these assets will be liquidated within ten years.

4. Fair Value (continued)

(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 3% 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 ten years. In addition, approximately 40% of the value of the investments in this category are subject to multi-year restrictions on withdrawal, with such restrictions ranging from two to five years.

Several managers in this investment category have made investments in illiquid assets which are currently held in side pockets. These side pockets represent 8% of the value of investments in this category. It is estimated that these assets will be liquidated within ten 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 Redemptions Receivable

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

6. 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 charitable purposes. These loans are expected to be funded over two to three years, and then repaid over an additional four to eight 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.

6. Program-Related Investments (continued)

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 was initially recorded at its estimated fair value, and the recorded amount was revised in 2015 based on an updated estimate of the likelihood of payment under the guarantee. At December 31, 2015, the recorded amount for the guarantee was $13 million, which is included in Grants payable in the consolidated statements of financial position. Changes in the recorded amount have been recorded 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 pledges receivable 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	
	2015	**2014**
Buildings	**$ 33,803,007**	$ 33,803,007
Leasehold improvements	**25,984,647**	25,757,020
Furniture, fixtures, and equipment	**9,426,670**	8,781,428
	69,214,324	68,341,455
Less accumulated depreciation and amortization	**(26,399,645)**	(24,313,659)
Property and equipment, net	**$ 42,814,679**	$ 44,027,796

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 30, 2016, but is renewable annually. The Line also contains covenants over financial reporting, liquidity, and other

8. Short-Term Borrowings (continued)

standard and customary corporate governance matters. There were no borrowings, repayments, amounts outstanding on the Line or interest expense incurred for the years ended December 31, 2015 and 2014.

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, 2015 and 2014, the Foundation has recorded tax on investment income at the 1% and 2% tax rate, respectively, 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 may give rise to taxable federal and state unrelated business income.

The components of tax expense are as follows:

	Year Ended December 31	
	2015	**2014**
Current federal excise tax	**$ 4,610,345**	$ 929,313
Deferred federal excise tax	**(2,277,961)**	(547,337)
Unrelated business income tax	**1,436,680**	218,358
	$ 3,769,064	$ 600,334

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 $318 million and $253 million in 2015 and 2014, respectively.

9. Taxes and Payout Requirement (continued)

The Foundation's qualifying distributions are expected to be above the payout requirements in 2015. At December 31, 2015, the Foundation's cumulative qualifying distribution shortfall is approximately $50 million, which will be satisfied through distributions in 2016. Amounts for 2015 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 Plan are made by the Foundation semi-monthly and vest immediately. Total expenses related to such plan for 2015 and 2014 were both approximately $1.4 million, 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 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, 2015, $181.5 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:		
2016	$ 3,953,234	$ 127,885,893
2017	2,817,927	56,458,546
2018	–	37,163,504
2019	–	18,629,140
	6,771,161	$ 240,137,083
Less: Discount to present value	(54,430)	
	$ 6,716,731	

Unconditional promises to give are discounted to a net present value using risk-free interest rates at 0.98% 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, 2015 and 2014 was $566,000 and $466,000, respectively.

Future minimum lease payments under operating leases, net of estimated sublease income, at December 31, 2015 are as follows:

Year ending December 31:	
2016	$ 462,000
2017	762,000
2018	1,221,000
2019	1,235,000
2020 and thereafter (estimated annual amount)	708,000

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

14. Subsequent Events

The Foundation has evaluated subsequent events through July 13, 2016, 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 23 to 28 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

July 13, 2016

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed

December 31, 2015

Grantees	Remaining Commitment
Agroicone	$ 70,000
Alaska Salmon Initiative	500,000
Amazon Conservation Association	300,000
Amazon Conservation Team	100,000
American Association for the Advancement of Science	148,532
American Littoral Society	232,860
Aquaculture Stewardship Council	182,066
Associação de Defesa Etnoambiental Kanindé	100,000
Audubon Alaska	622,898
Audubon California	555,000
Baylor College of Medicine	168,441
Berkeley Lab Foundation	400,000
Beth Israel Deaconess Medical Center	2,500,000
British Columbia First Nations Fisheries Council	145,118
California Council on Science and Technology	200,000
California Institute of Technology	16,771,161
California Institute of Technology, Center for Data-Driven Discovery	391,977
California Institute of Technology, Division of Biology	333,333
California Institute of Technology, Division of Engineering and Applied Science	484,105
California Institute of Technology, Division of Geology and Planetary Sciences	793,362
California Institute of Technology, Office of Research Administration	276,261
Canadian Institute for Advanced Research	263,025
Canadian Parks and Wilderness Society, British Columbia Chapter	759,824
Cape Cod Commercial Fishermen’s Alliance	89,167
Carnegie Mellon University, School of Computer Science	1,200,000
Center for American Progress	196,124
Coastal Enterprises Inc.	50,000
Coastal First Nations – Great Bear Initiative	1,147,053
Coastal States Stewardship Foundation	66,375
Columbia University, Lamont-Doherty Earth Observatory	630,000
Conservation International	127,951
Conservation Law Foundation	366,512
Coral Reef Alliance	298,551
Cornell University, Laboratory of Atomic and Solid State Physics	1,479,204
David Suzuki Foundation	205,603

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Derecho Ambiente y Recursos Naturales	$ 280,000
Duke University, Department of Biology	333,333
Duke University, Office of Research Support	215,913
Environmental Defense Fund	1,702,668
Field Museum	200,000
FishWise	481,153
Fundação Bioma	37,939
Fundacao Vitoria Amazonica	250,000
Fundo Brasileiro para a Biodiversidade	200,000
Gaia Amazonas Foundation	200,000
Green Fire Productions	750,000
Gulf of Maine Research Institute	516,827
Harvard University, Department of Physics	5,026,576
Harvard University, Office of Sponsored Programs	983,349
Iepé – Instituto de Pesquisa e Formação Indigena	300,000
ImpactAssets	500,000
Institute of Food Technologists	500,000
Instituto Centro de Vida	400,000
Instituto de Conservação e Desenvolvimento Sustentável do Amazonas	70,000
Instituto de Pesquisas Ecológicas	200,000
Instituto del Bien Comun	818,164
Instituto do Homem e Meio Ambiente da Amazonia	440,275
Instituto Internacional de Educação do Brasil	254,000
Instituto Socioambiental	369,252
International Seafood Sustainability Foundation	1,300,000
Iowa State University, Department of Physics & Astronomy	935,000
Island Institute	150,945
J. Craig Venter Institute	144,850
Johns Hopkins School of Medicine	656,106
Johns Hopkins University, Department of Physics and Astronomy	1,423,190
Julia Computing	200,000
Lawrence Berkeley National Laboratory	1,800,000
Life Sciences Research Foundation	915,000
Maine Coast Fishermen's Association	150,000
Marine Affairs Research and Education	208,106
Marine Fish Conservation Network	379,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Massachusetts General Hospital	$ 337,500
Massachusetts Institute of Technology, Department of Physics	3,357,081
Massachusetts Institute of Technology, Office of Sponsored Programs	1,399,909
Max Planck Society, Institute for Marine Microbiology	888,382
Meridian Institute	632,499
Michigan State University, Office of Sponsored Programs	350,605
Monterey Bay Aquarium Research Institute	1,159,873
MRAG Americas, Inc.	686,563
National Geographic Society	125,000
National Oceanic and Atmospheric Administration	292,490
Native American Rights Fund	400,000
Natural Resources Defense Council	375,000
New Venture Fund	2,129,700
New York University, Department of Physics	1,092,500
New York University, Office of Sponsored Programs	7,000,000
North Carolina State University, Department of Computer Science	1,200,000
Northwestern University, School of Education and Social Policy	334,600
NumFOCUS	375,000
Nunamta Aulukestai	200,325
Ocean Conservancy	1,725,000
Ohio State University, Office of Sponsored Programs	306,861
Pacific Environment	124,988
Parques Nacionales Naturales de Colombia	256,000
Peninsula Open Space Trust	500,000
Pepperwood Foundation	72,960
Princeton University, Department of Applied & Computational Mathematics	1,200,000
Princeton University, Department of Chemistry	2,183,298
Princeton University, Department of Electrical Engineering	2,280,000
Princeton University, Department of Physics	5,055,839
Rainforest Foundation, Inc.	200,000
Research Foundation of State University of New York	400,683
Resources Legacy Fund Foundation	500,000
Rice University, Department of Physics and Astronomy	600,000
Rockefeller Philanthropy Advisors	250,000
Rutgers University Foundation	1,050,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
Rutgers University, Center for Emergent Materials, Department of Physics and Astronomy	$ 1,700,000
Rutgers University, Office of Research and Sponsored Programs	593,633
San Diego State University Research Foundation	860,158
Sociedad Peruana de Derecho Ambiental	320,000
Stanford University, Center for Ocean Solutions	284,500
Stanford University, Department of Applied Physics	14,431,765
Stanford University, Department of Computer Science	1,200,000
Stanford University, Department of Physics	3,800,635
Stanford University, Office of Sponsored Research	780,000
Stanford University, School of Earth Sciences	101,329
Stanford University, School of Education	598,600
Stanford University, School of Medicine	931,625
Sustainable Fisheries Partnership	550,000
Tech Museum of Innovation	500,000
Techsoup Global	75,000
The Dartmouth Institute for Health Policy and Clinical Practice	336,836
The Nature Conservancy	823,485
The Task Force for Global Health	21,108
Third Sector New England	1,974,267
Tides Canada Foundation	6,275,690
Tides Center, Maker Education Initiative	221,000
Trout Unlimited	250,000
Trust for Conservation Innovation	450,000
Two Blades Foundation	1,541,701
Udall Foundation, U.S. Institute for Environmental Conflict Resolution	330,000
United Nations Educational, Scientific and Cultural Organization, Intergovernmental Oceanographic Commission	89,270
United States Geological Survey	59,440
United Tribes of Bristol Bay	1,040,000
Université Pierre et Marie Curie, Research and Technology Transfer Department	388,828
University of Arkansas, Department of Physics	1,317,904
University of British Columbia, Department of Physics & Astronomy	380,000
University of California	10,000,000
University of California, Berkeley Department of Astronomy	1,200,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
University of California, Berkeley Department of Earth and Planetary Science	$ 392,779
University of California, Berkeley Department of Electrical Engineering & Computer Sciences	1,200,000
University of California, Berkeley Department of Geography	1,200,000
University of California, Berkeley Department of Physics	4,291,440
University of California, Berkeley Institute for Data Science	500,000
University of California, Berkeley Sponsored Projects Office	7,156,069
University of California, Davis Department of Population Health and Reproduction	1,200,000
University of California, Davis Genome Center	298,124
University of California, Davis Health System	24,552,266
University of California, San Diego Department of Physics	1,440,000
University of California, San Diego Office of Contract and Grant Administration	194,605
University of California, San Diego Scripps Institution of Oceanography	1,608,456
University of California, Santa Barbara Kavli Institute for Theoretical Physics	2,482,761
University of California, Santa Barbara National Center for Ecological Analysis and Synthesis	2,019,580
University of Camerino, School of Biosciences and Veterinary Medicine	188,586
University of Chicago, Department of Human Genetics	1,200,000
University of Colorado at Boulder, Department of Physics	2,340,000
University of East Anglia	167,303
University of Florida, Department of Wildlife Ecology and Conservation	1,200,000
University of Hawai'i, Office of Research Services	434,833
University of Hawaii Foundation	1,689,323
University of Illinois at Chicago, Learning Sciences Research Institute	714,400
University of Illinois at Urbana-Champaign, Department of Physics	1,984,995
University of Illinois at Urbana-Champaign, Department of Physics and Institute for Condensed Matter Theory	919,000
University of Illinois at Urbana-Champaign, National Center for Supercomputing Applications	1,200,000
University of Maryland, Department of Physics	570,000
University of Minnesota, Institute on the Environment	300,000
University of Pennsylvania, Department of Systems Pharmacology and Translational Therapeutics	1,200,000
University of Pittsburgh, School of Social Work	145,303

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

Grantees	Remaining Commitment
University of Southern California, Office of Research	$ 875,895
University of Technology Sydney, Research and Innovation Office	999,959
University of Tennessee, Department of Materials Science and Engineering	900,000
University of Texas at Austin, Sponsored Projects Office	183,872
University of Texas Southwestern Medical Center, Green Center for Systems Biology	1,200,000
University of Washington, Department of Biology	333,333
University of Washington, Department of Computer Science & Engineering	1,200,000
University of Washington, Department of Earth and Space Sciences	185,000
University of Washington, Office of Sponsored Programs	8,296,239
University of Wisconsin-Madison, The Nelson Institute	840,836
Washington University in St. Louis, Office of Sponsored Research Services	334,806
Watershed Watch	91,680
West Coast Environmental Law	351,001
Westcoast Aquatic Management Association	600,000
Wild Salmon Center	2,242,647
Wildlife Conservation Society	3,272,201
Woods Hole Oceanographic Institution	1,988,044
World Business Council for Sustainable Development	1,000,000
World Resources Institute	350,000
World Wildlife Fund	2,692,934
World Wildlife Fund Canada	93,306
Yale University, Department of Applied Physics	1,000,000
Yale University, School of Forestry & Environmental Studies	399,929
Grand total	$ 240,137,083

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