

CONSOLIDATED FINANCIAL STATEMENTS

Gordon E. and Betty I. Moore Foundation  
Years Ended December 31, 2019 and 2018  
With Report of Independent Auditors

Ernst & Young LLP



Gordon E. and Betty I. Moore Foundation

Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

**Contents**

Report of Independent Auditors.....1

Consolidated Financial Statements

Consolidated Statements of Financial Position.....3

Consolidated Statements of Activities and Changes in Net Assets .....4

Consolidated Statements of Cash Flows.....5

Notes to Consolidated Financial Statements.....6

Supplementary Information

Report of Independent Auditors on Supplementary Information .....21

Schedule of Conditional Grants Committed .....22



Ernst & Young LLP  
Suite 1600  
560 Mission Street  
San Francisco, CA 94105-2907

Tel: +1 415 894 8000  
Fax: +1 415 894 8099  
ey.com

## Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of Gordon E. and Betty I. Moore Foundation, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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 audit. We conducted our audit 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 at December 31, 2019 and 2018, 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*

August 10, 2020

Gordon E. and Betty I. Moore Foundation  
Consolidated Statements of Financial Position

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 45,450,687	\$ 145,958,955
Dividends and interest receivable	343,228	476,550
Investments, at fair value	6,876,532,674	6,095,925,191
Pending investments	35,000,000	20,000,000
Investment redemptions receivable	164,422,877	147,723,681
Program related investments	2,565,000	2,950,000
Property and equipment, net	36,513,835	38,348,378
Prepaid federal excise tax	9,737,386	11,589,392
Prepaid expenses and other assets	1,146,601	1,481,460
Total assets	<u>\$ 7,171,712,288</u>	<u>\$ 6,464,453,607</u>
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 16,365,173	\$ 15,137,297
Grants payable	15,000,000	13,500,000
Deferred federal excise tax	29,694,054	10,584,842
Total liabilities	<u>61,059,227</u>	<u>39,222,139</u>
Net assets, without donor restrictions	<u>7,110,653,061</u>	6,425,231,468
Total liabilities and net assets	<u>\$ 7,171,712,288</u>	<u>\$ 6,464,453,607</u>

*See accompanying notes.*

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Activities and Changes in Net Assets

	<b>Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Net investment income (loss)	<b>\$ 1,040,041,842</b>	\$ (65,387,460)
Tax expense (benefit) on investment income	<b>22,838,290</b>	(10,462,464)
Investment return, net	<b>1,017,203,552</b>	(54,924,996)
<b>Expenses</b>		
Grants	<b>296,587,694</b>	295,741,989
Supporting	<b>31,500,432</b>	30,497,812
Direct charitable	<b>3,693,833</b>	3,351,167
Total expenses	<b>331,781,959</b>	329,590,968
Change in net assets without donor restrictions	<b>685,421,593</b>	(384,515,964)
Net assets, beginning of year	<b>6,425,231,468</b>	6,809,747,432
Net assets, end of year	<b>\$ 7,110,653,061</b>	<b>\$ 6,425,231,468</b>

*See accompanying notes.*

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Cash Flows

	<b>Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Interest, dividends, and partnership distributions received	\$ 113,858,901	\$ 163,564,766
Tax payments	(1,877,072)	(10,800,751)
Cash paid to investment managers, suppliers, and employees	(48,905,840)	(47,932,950)
Grants paid	(295,087,694)	(295,741,989)
Net cash used in operating activities	<u>(232,011,705)</u>	<u>(190,910,924)</u>
<b>Investing activities</b>		
Program-related investments funded	–	(1,000,000)
Repayment of program-related investments	385,000	280,000
Purchases of investments	(319,686,881)	(585,228,235)
Proceeds from sale of investments	451,152,999	818,698,486
Purchases of property and equipment	(347,681)	(177,565)
Net cash provided by investing activities	<u>131,503,437</u>	<u>232,572,686</u>
Change in cash and cash equivalents	(100,508,268)	41,661,762
Cash and cash equivalents, beginning of year	145,958,955	104,297,193
Cash and cash equivalents, end of year	<u>\$ 45,450,687</u>	<u>\$ 145,958,955</u>
Change in net assets	\$ 685,421,593	\$ (384,515,964)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	2,182,224	2,338,279
Deferred federal excise tax	19,109,212	(11,352,292)
Net realized and unrealized (gain) loss on investments	(943,772,797)	212,207,944
Changes in operating assets and liabilities:		
Dividends and interest receivable	133,322	182,252
Prepaid expenses and other assets	334,859	66,283
Accounts payable and accrued liabilities	1,227,876	73,497
Grants payable	1,500,000	–
Prepaid federal excise tax	1,852,006	(9,910,923)
Net cash used in operating activities	<u>\$ (232,011,705)</u>	<u>\$ (190,910,924)</u>
<b>Supplemental data for non-cash activities</b>		
Investment redemptions receivable	<u>\$ 164,422,877</u>	<u>\$ 147,723,681</u>

See accompanying notes.

# Gordon E. and Betty I. Moore Foundation

## Notes to Consolidated Financial Statements

December 31, 2019

### **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).

#### **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 Consolidated 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 consolidated 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 Consolidated 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 21 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. There are no unconditional promises to give as of December 31, 2019 and 2018.

##### **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 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. 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 Consolidated Financial Statements (continued)

#### 2. Summary of Significant Accounting Policies (continued)

##### Principles of Consolidation

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

##### Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code. However, the foundation is subject to federal excise taxes and taxes on unrelated business income. The Foundation also 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 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 consolidated 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 consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, amending the ASC 958. This update requires organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The early adoption of ASU 2018-08 had no impact on how the Foundation accounts for its grantmaking activities and its financial position, results of operations, or cash flows.

## Gordon E. and Betty I. Moore Foundation

### Notes to Consolidated 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, 2019		December 31, 2018	
	Cost	Fair Value	Cost	Fair Value
<b>Assets</b>				
Public equities	\$ 1,123,264,847	\$ 1,921,007,528	\$ 1,153,967,457	\$ 1,675,473,700
Fixed income	686,358,001	753,365,870	636,499,078	678,898,072
Hedge funds	1,139,563,065	1,828,935,947	1,066,481,156	1,604,339,465
Excess returns	964,182,797	1,571,602,851	963,150,456	1,382,690,462
Real assets	814,987,716	789,725,870	769,499,126	747,421,213
Cash and cash equivalents	11,913,379	11,894,608	7,134,097	7,102,279
<b>Total</b>	<b>\$ 4,740,269,805</b>	<b>\$ 6,876,532,674</b>	<b>\$ 4,596,731,370</b>	<b>\$ 6,095,925,191</b>

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

	December 31, 2019		December 31, 2018	
	Cost	Fair Value	Cost	Fair Value
State Street U.S. Treasury 1-3 Year Index Commingled Fund	\$ 686,358,001	\$ 753,365,870	\$ 636,499,078	\$ 678,898,072

At December 31, 2019 and 2018, approximately 81% and 80%, respectively, 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 Consolidated 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, 2019 and 2018.

*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, 2019 and 2018.

*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 consolidated 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 Consolidated Financial Statements (continued)

**4. Fair Value (continued)**

The following table presents the investments carried on the consolidated statements of financial position by level within the fair value hierarchy as of December 31, 2019 and 2018, respectively:

	Level 1	NAV	Total
<b>Assets</b>			
Public equities	\$ 205,779,501	\$ 1,715,228,027	\$ 1,921,007,528
Fixed income	–	753,365,870	753,365,870
Hedge funds	–	1,828,935,947	1,828,935,947
Excess returns	–	1,571,602,851	1,571,602,851
Real assets	–	789,725,870	789,725,870
Cash and cash equivalents	11,894,608	–	11,894,608
Total as of December 31, 2019	<u>\$ 217,674,109</u>	<u>\$ 6,658,858,565</u>	<u>\$ 6,876,532,674</u>

	Level 1	NAV	Total
<b>Assets</b>			
Public equities	\$ 185,979,549	\$ 1,489,494,151	\$ 1,675,473,700
Fixed income	–	678,898,072	678,898,072
Hedge funds	–	1,604,339,465	1,604,339,465
Excess returns	–	1,382,690,462	1,382,690,462
Real assets	–	747,421,213	747,421,213
Cash and cash equivalents	7,102,279	–	7,102,279
Total as of December 31, 2018	<u>\$ 193,081,828</u>	<u>\$ 5,902,843,363</u>	<u>\$ 6,095,925,191</u>

As of December 31, 2019 and 2018, the Foundation is committed to make additional investments of approximately \$1,089 million and \$999 million, respectively, in future years.

Gordon E. and Betty I. Moore Foundation

Notes to Consolidated Financial Statements (continued)

**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, 2019:

<b>Assets</b>	<b>Investment strategy</b>	<b>Fair Value</b>	<b>Number of Funds</b>	<b>Unfunded Commitments</b>	<b>Redemption Terms</b>	<b>Redemption Restrictions</b>
Public equities	Global funds including developed and emerging markets, primarily long-only equities	\$ 1,715,228,027	24	\$ 7,124,183	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	1,828,935,947	31	25,989,194	Ranges from monthly 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	1,571,602,851	119	461,248,785	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	789,725,870	76	594,245,767	Not eligible for redemption	Not eligible for redemption
Fixed income	U.S. Treasury Index Fund invested in securities of various durations	753,365,870	1	–	Daily redemption with 2 days' notice	None
		<u>\$ 6,658,858,565</u>	<u>251</u>	<u>\$ 1,088,607,929</u>		

## Gordon E. and Betty I. Moore Foundation

### Notes to Consolidated 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 consolidated statements of financial position at their principal amount, which approximates their fair value.

In addition, in August 2018, the Foundation renewed its guarantee of a bank loan to a charitable organization. The maximum exposure under the guarantee is \$22.5 million and the related loan will mature in 2028. The exposure is recorded based on the likelihood of payment under the guarantee. At December 31, 2019, the recorded amount for the guarantee is \$15 million, which is included in grants payable in the consolidated statements of financial position. 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.

#### 6. Property and Equipment

Property and equipment consisted of the following:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Buildings	<b>\$ 33,803,007</b>	\$ 33,803,007
Leasehold improvements	<b>26,381,413</b>	26,381,413
Furniture, fixtures, and equipment	<b>11,874,590</b>	11,526,909
	<b>72,059,010</b>	71,711,329
Less accumulated depreciation and amortization	<b>(35,545,175)</b>	(33,362,951)
Property and equipment, net	<b>\$ 36,513,835</b>	\$ 38,348,378

#### 7. Credit Facilities

The Foundation maintains a \$150 million uncommitted line of credit (the “Line”) carrying an interest rate of either Prime, LIBOR plus 0.40%, or a Bank Offered Rate, as defined within the Line’s Master Note. There were no outstanding principal balances during the years ended December 31, 2019 and 2018.

## Gordon E. and Betty I. Moore Foundation

### Notes to Consolidated Financial Statements (continued)

#### 8. Taxes and Payout Requirement

The Foundation is subject to a federal excise tax imposed on private foundation at a rate of 1% or 2% on net investment income. For the years ended December 31, 2019 and 2018, the Foundation has recorded tax on investment income at the 1% excise tax rate based on the distribution requirements of Section 4940(e) of the Internal Revenue Code.

Legislation was passed in 2019 that simplifies the private foundation excise tax on investment income by replacing the two-tier system (1% and 2%) with a flat rate of 1.39%, effective for tax years beginning after December 20, 2019, the date of enactment. The Foundation has modified its deferred federal excise tax provision in 2019 to reflect the new tax rate on 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:

	<b>Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current federal excise tax	\$ 4,383,746	\$ 99,742
Deferred federal excise tax	19,109,212	(11,352,292)
Unrelated business income tax	(654,668)	790,086
	<u>\$ 22,838,290</u>	<u>\$ (10,462,464)</u>

The Internal Revenue Code (IRC) 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 or program-related investments. 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 \$332 million and \$333 million in 2019 and 2018, respectively.

The Foundation's qualifying distributions are expected to be below the payout requirements in 2019. At December 31, 2019, the Foundation's cumulative qualifying distribution shortfall is approximately \$40 million, which will be satisfied through distributions in 2020. Amounts for 2019 are estimated pending finalization of the Foundation's annual tax return on Form 990-PF,

## Gordon E. and Betty I. Moore Foundation

### Notes to Consolidated Financial Statements (continued)

#### **8. Taxes and Payout Requirement (continued)**

with the differences, if any, is 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.

#### **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 2019 and 2018 were approximately \$1.6 million and \$1.7 million, and are included in net investment income (loss) and supporting expenses on the consolidated statements of activities and changes in net assets.

#### **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, 2019, \$211.5 million in grants had been awarded under this commitment.

Gordon E. and Betty I. Moore Foundation

Notes to Consolidated Financial Statements (continued)

**11. 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:

	<u>Conditional</u>
Year ending December 31:	
2020	\$ 108,393,217
2021	58,791,512
2022	20,095,940
2023 and thereafter	13,291,731
	<u>\$ 200,572,400</u>

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, 2019 and 2018, was \$810,000 and \$987,000, respectively.

Future minimum lease payments under operating leases, net of estimated sublease income, at December 31, 2019, are as follows:

Year ending December 31:	
2020	\$ 679,000
2021	660,000
2022	881,000

Gordon E. and Betty I. Moore Foundation

Notes to Consolidated 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, 2019 and 2018, were as follows:

	<b>Grantmaking</b>	<b>Direct Charitable Activities</b>	<b>Operational Support</b>	<b>Total Expenses</b>
Grants	\$ 296,587,694	\$ –	\$ –	\$ 296,587,694
Salary, benefits and payroll taxes	10,333,721	–	10,857,466	21,191,187
Legal fees	233,731	–	234,178	467,909
Accounting fees	–	–	363,078	363,078
Other professional fees	1,252,155	3,675,349	1,642,574	6,570,078
Depreciation	–	–	2,167,438	2,167,438
Occupancy	577,400	–	524,101	1,101,501
Travel, conferences and meetings	1,553,985	18,424	622,857	2,195,266
Printing and publications	38,283	60	67,663	106,006
Other expenses	298,459	–	733,343	1,031,802
Total as of December 31, 2019	<u>\$ 310,875,428</u>	<u>\$ 3,693,833</u>	<u>\$ 17,212,698</u>	<u>\$ 331,781,959</u>

	<b>Grantmaking</b>	<b>Direct Charitable Activities</b>	<b>Operational Support</b>	<b>Total Expenses</b>
Grants	\$ 295,741,989	\$ –	\$ –	\$ 295,741,989
Salary, benefits and payroll taxes	10,826,065	–	10,036,905	20,862,970
Legal fees	96,683	–	153,551	250,234
Accounting fees	–	–	378,485	378,485
Other professional fees	905,894	3,260,001	440,466	4,606,361
Depreciation	–	–	2,330,069	2,330,069
Occupancy	720,250	–	632,567	1,352,817
Travel, conferences and meetings	1,623,944	91,166	871,695	2,586,805
Printing and publications	24,950	–	76,604	101,554
Other expenses	322,985	–	1,056,699	1,379,684
Total as of December 31, 2018	<u>\$ 310,262,760</u>	<u>\$ 3,351,167</u>	<u>\$ 15,977,041</u>	<u>\$ 329,590,968</u>

## Gordon E. and Betty I. Moore Foundation

### Notes to Consolidated Financial Statements (continued)

#### 13. Liquidity

The Foundation's financial assets available within one year of December 31, 2019, to meet general expenditures include:

Cash and cash equivalents	\$ 45,450,687
Cash from investments	11,894,608
Dividends and interest receivable	343,228
Investment redemptions receivable	164,422,877
Public equities	1,819,759,512
Fixed income	753,365,870
Hedge funds	<u>1,169,872,584</u>
Total financial assets	<u>\$ 3,965,109,366</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, 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.

## Gordon E. and Betty I. Moore Foundation

### Notes to Consolidated Financial Statements (continued)

#### **15. Subsequent Events**

The Foundation has evaluated subsequent events through August 10, 2020, which represents the date the consolidated financial statements are available to be issued.

On March 11, 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) a pandemic. The effects of this global public health emergency have caused significant volatility and declines in the global markets. The evolving situation of this pandemic precludes the Foundation from making an estimate as to how long this volatility will continue, and to what extent if any it may impact the valuations and performance of the Foundation's investments. The Foundation is monitoring the evolving situation closely and will continue to evaluate its potential exposure. Given the uncertainty of these circumstances, the related impact on the Foundation's investments cannot be reasonably estimated at this time.

# Supplementary Information



Ernst & Young LLP  
Suite 1600  
560 Mission Street  
San Francisco, CA 94105-2907

Tel: +1 415 894 8000  
Fax: +1 415 894 8099  
ey.com

## 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 consolidated financial statements as a whole. The supplementary information on pages 22 to 26 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*

August 10, 2020

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed

December 31, 2019

<b>Grantees</b>	<b>Remaining Commitment</b>
Activate	\$ 625,000
American Association for the Advancement of Science	350,000
Annual Reviews	400,000
Arizona State University Foundation	486,859
Arizona State University, School of Electrical, Computer and Energy Engineering	225,000
Brigham and Women's Hospital	190,138
Broad Institute	1,000,000
BSCS Science Learning	295,000
California Council on Science and Technology	3,650,000
California Institute of Technology	19,250,000
California Institute of Technology, Division of Engineering and Applied Science	925,000
California Institute of Technology, Division of Physics, Mathematics and Astronomy	1,177,161
Canadian Parks and Wilderness Society	850,000
Center for Strategic and International Studies	100,000
Ceres	994,546
Climate Policy Initiative	203,000
Coastal First Nations – Great Bear Initiative	2,965,580
Coastal States Stewardship Foundation	620,937
Code for Science and Society	270,000
Columbia University, Lamont-Doherty Earth Observatory	3,147,000
Community Initiatives	500,550
Conservation Law Foundation	300,000
Conservation X Labs	225,000
Cornell University, Department of Materials Science and Engineering	1,130,000
Digital Promise Global	414,000
Duke University, Nicholas School of the Environment and Earth Sciences	879,545
Duke University, Pratt School of Engineering	450,000
Earth Innovation Institute	331,900
Environment Funders Canada	70,000
Environmental Defense Fund	50,000
Environmental Law Alliance Worldwide	100,000
Federation of American Scientists	159,163
Field Museum	100,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

<b>Grantees</b>	<b>Remaining Commitment</b>
Fondo de Promoción de las Áreas Naturales Protegidas del Perú	\$ 400,000
Fundação Bioma	37,939
Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas	150,000
Fundacion para la Conservacion y el Desarrollo Sostenible	900,000
Fundo Socioambiental CASA	215,573
Global Conservation	800,000
Greater Washington Educational Telecommunications Association	1,000,000
Green Fire Productions	150,000
Gulf of Maine Research Institute	50,310
Harvard University, Belfer Center for Science and International Affairs	200,063
Harvard University, Black Hole Initiative	1,200,000
Harvard University, Department of Physics	1,530,224
Harvard University, John A. Paulson School of Engineering	225,000
Harvard University, Rowland Institute at Harvard	450,000
Health Services Advisory Group, Inc.	445,500
Hopewell Fund	500,000
Howard Hughes Medical Institute, Janelia Farm Research Campus	1,169,000
Humboldt-Viadrina Governance Platform, Fisheries Transparency Initiative	279,000
ICFO – The Institute of Photonic Sciences	375,125
Indian Law Resource Center	275,000
Institutes for Journalism and Natural Resources	23,281
Instituto de Pesquisa Ambiental da Amazônia	100,000
Instituto Internacional de Educação do Brasil	700,000
International Union for Conservation of Nature	300,000
Julia Computing	508,005
Kaiser Foundation Hospitals, Kaiser Foundation Research Institute	349,687
Kawerak	516,846
Marine Fish Conservation Network	350,000
Massachusetts Institute of Technology, Department of Physics	2,730,679
Massachusetts Institute of Technology, Kavli Institute for Astrophysics and Space Research	63,119
Monterey Bay Aquarium Research Institute	343,965
Nanwakolas Council	200,000
National Audubon Society	443,981
National Wildlife Federation	2,168,497
New Venture Fund	11,796,022

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

<b>Grantees</b>	<b>Remaining Commitment</b>
NumFOCUS	\$ 600,000
Ocean Conservancy	1,105,469
Oceana	250,000
Oceana Canada	250,000
Oceans North	1,900,000
OCTO	203,881
Pennsylvania State University, Office of Sponsored Programs	969,951
Princeton University, Department of Applied & Computational Mathematics	350,000
Princeton University, Department of Chemistry	2,260,000
Princeton University, Department of Molecular Biology	142,078
Princeton University, Department of Physics	898,000
Public Laboratory for Open Technology and Science	440,446
Resources Legacy Fund	475,000
Science Friday Initiative	575,025
Seas at Risk	257,640
Seminario Permanente de Investigacion Agraria	142,000
Smithsonian Institution	253,000
Sociedad Peruana de Derecho Ambiental	424,763
Society of Environmental Journalists	92,000
Society to Improve Diagnosis in Medicine	2,890,338
Stanford University, Center for Ocean Solutions	200,000
Stanford University, Department of Applied Physics	5,223,729
Stanford University, Department of Genetics	691,659
Stanford University, Department of Physics	6,532,235
Stanford University, School of Medicine	1,000,000
Stockholm Environment Institute	500,000
Stockholm Resilience Centre	210,000
Sustainable Development Solutions Network Association	101,497
T. Buck Suzuki Environmental Foundation	400,000
The Frankfurt Zoological Society Peru	688,231
The Nature Conservancy	2,230,408
Tides Canada Foundation	1,417,748
Transparencia por Colombia	167,500
University College London, Department of Physics and Astronomy	1,332,191
University of Arizona, Department of Physics	238,000
University of California	19,250,000

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

<b>Grantees</b>	<b>Remaining Commitment</b>
University of California, Berkeley Department of Astronomy	\$ 350,000
University of California, Berkeley Department of Physics	2,397,400
University of California, Berkeley Department of Plant and Microbial Biology	450,000
University of California, Berkeley Institute for Data Science	397,128
University of California, Berkeley Lawrence Hall of Science	400,000
University of California, Davis Health System	30,729,329
University of California, Davis Office of Research Sponsored Programs	529,375
University of California, Irvine Department of Biomedical Engineering	450,000
University of California, Los Angeles Department of Physics and Astronomy	1,413,913
University of California, San Diego Scripps Institution of Oceanography	214,813
University of California, Santa Barbara Kavli Institute for Theoretical Physics	3,272,455
University of Cambridge, Research Operations Office	291,386
University of Chicago, Booth School of Business	250,000
University of Chicago, Department of Radiology	1,105,552
University of Colorado at Boulder, School of Law	329,500
University of Hawaii Foundation	496,000
University of Illinois at Urbana-Champaign, Department of Physics and Institute for Condensed Matter Theory	815,596
University of Illinois at Urbana-Champaign, National Center for Supercomputing Applications	350,000
University of Maryland, Department of Geographical Sciences	300,000
University of Maryland, Department of Physics	967,722
University of Oregon, Sponsored Projects Services	550,000
University of Tennessee, Department of Materials Science and Engineering	1,130,000
University of Texas at Austin, Department of Chemistry	225,000
University of Utah, Office of Sponsored Projects	106,844
University of Wisconsin-Madison, Department of Physics	225,000
University of Wisconsin-Madison, Research and Sponsored Programs	1,130,000
Virginia Tech, Office of Sponsored Programs	500,000
Waterkeeper Alliance	54,186
Wellcome Sanger Institute	1,311,713
West Coast Environmental Law	500,000
Wild Me	738,058
Wildlife Conservation Society	1,020,403
Woods Hole Oceanographic Institution	450,000
Woods Hole Research Center	1,599,613

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

<b>Grantees</b>	<b>Remaining Commitment</b>
World Business Council for Sustainable Development	\$ 2,135,946
World Economic Forum	195,198
World Resources Institute	323,250
World Wildlife Fund	10,487,036
World Wildlife Fund Canada	1,100,000
Yale University, Department of Chemistry	1,205,000
Yale University, Department of Mechanical Engineering and Materials Science	<u>1,130,000</u>
<b>Grand Total</b>	<u><u>\$ 200,572,400</u></u>

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