Report of Independent Auditors
and Consolidated Financial Statements

Greater Houston Community Foundation and Subsidiaries

December 31, 2023 and 2022

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MOSSADAMS

Report of Independent Auditors

The Governing Board
Greater Houston Community Foundation and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Greater Houston Community Foundation and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Greater Houston Community Foundation and Subsidiaries as of December 31, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Greater Houston Community Foundation and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Prior Year Financial Statements

The consolidated financial statements of Greater Houston Community Foundation and Subsidiaries as of and for the year ended December 31, 2022, were audited by other auditors whose report thereon dated April 12, 2023, expressed an unmodified opinion. The comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Houston Community Foundation and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Moss Adams LLP

Houston, Texas
May 1, 2024

Consolidated Financial Statements

Greater Houston Community Foundation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 277,139,759	$ 322,177,627
Marketable investments	950,896,134	803,147,537
Contributions and other receivables, net	15,415,840	16,210,823
Interest receivable	387,695	139,485
Limited marketable investments	100,765,152	69,451,642
Notes receivable	19,875,259	14,507,092
Split interest agreements	5,202,000	4,773,000
Other investments	212,186	2,138,416
Property and equipment, net	1,999,842	2,102,723
Right-of-use assets, net	2,539,215	3,099,685
Deposits and other assets	199,664	153,293
TOTAL ASSETS	$ 1,374,632,746	$ 1,237,901,323
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and other liabilities	$ 2,285,221	$ 2,422,641
Grants payable	17,816,682	22,202,524
Annuity payable	1,160,000	1,285,000
Lease liability	2,539,215	3,099,685
Funds held for others	20,644,532	17,031,898
Total liabilities	44,445,650	46,041,748
NET ASSETS		
Net assets without donor restrictions	1,309,732,263	1,171,773,075
Net assets with donor restrictions	20,454,833	20,086,500
Total net assets	1,330,187,096	1,191,859,575
	$ 1,374,632,746	$ 1,237,901,323

See accompanying notes.

Greater Houston Community Foundation and Subsidiaries
Consolidated Statements of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Revenues and other support			
Contributions	$ 254,045,214	$ 2,186,758	$ 256,231,972
Investment returns, net	148,299,348	-	148,299,348
Program income	683,518	-	683,518
Administrative fee revenue, net	534,442	-	534,442
Rental income	227,000	-	227,000
Change in value of split interest agreements	146,578	429,000	575,578
Net assets released from donor restrictions	2,247,425	(2,247,425)	-
Total revenues and other support	406,183,525	368,333	406,551,858
Expenses			
Grants	248,172,691	-	248,172,691
Program	10,249,391	-	10,249,391
Development	3,637,651	-	3,637,651
General and administrative	6,164,604	-	6,164,604
Total expenses	268,224,337	-	268,224,337
CHANGES IN NET ASSETS	137,959,188	368,333	138,327,521
NET ASSETS, beginning of year	1,171,773,075	20,086,500	1,191,859,575
NET ASSETS, end of year	$ 1,309,732,263	$ 20,454,833	$ 1,330,187,096

See accompanying notes.

Greater Houston Community Foundation and Subsidiaries
Consolidated Statements of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Revenues and other support			
Contributions	$ 263,775,641	$ 25,546,163	$ 289,321,804
Investment returns, net	(102,445,327)	-	(102,445,327)
Program income	880,023	-	880,023
Administrative fee revenue, net	414,901	-	414,901
Employee retention credit	778,472	-	778,472
Rental income	227,000	-	227,000
Change in value of split interest agreements	(33,000)	(558,579)	(591,579)
Net assets released from donor restrictions	12,150,524	(12,150,524)	-
Total revenues and other support	175,748,234	12,837,060	188,585,294
Expenses			
Grants	300,014,244	-	300,014,244
Program	14,960,414	-	14,960,414
Development	3,096,489	-	3,096,489
General and administrative	5,691,061	-	5,691,061
Total expenses	323,762,208	-	323,762,208
CHANGES IN NET ASSETS	(148,013,974)	12,837,060	(135,176,914)
NET ASSETS, beginning of year	1,319,787,049	7,249,440	1,327,036,489
NET ASSETS, end of year	$ 1,171,773,075	$ 20,086,500	$ 1,191,859,575

See accompanying notes.

Greater Houston Community Foundation and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program	Development	General and Administrative	Total
Grants	$ 248,172,691	$ -	$ -	$ 248,172,691
Salaries and benefits	6,467,775	1,389,599	4,185,382	12,042,756
Legal, accounting and professional services	2,109,155	12,213	654,935	2,776,303
Advertising and public relations	331,077	2,072,024	21,609	2,424,710
Office expenses	(47,500)	73,249	102,449	128,198
Computers and technology	981,941	59,012	129,380	1,170,333
Occupancy	8,772	-	865,173	873,945
Meetings and travel	146,426	16,569	51,478	214,473
Depreciation	27,017	-	85,864	112,881
Dues, licenses and continuing education	54,723	14,985	54,500	124,208
Other expenses	170,005	-	13,834	183,839
	$ 258,422,082	$ 3,637,651	$ 6,164,604	$ 268,224,337

See accompanying notes.

Greater Houston Community Foundation and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program	Development	General and Administrative	Total
Grants	$ 300,014,244	$ -	$ -	$ 300,014,244
Salaries and benefits	6,763,103	1,378,269	3,859,021	12,000,393
Legal, accounting and professional services	4,072,489	21,456	485,971	4,579,916
Advertising and public relations	295,475	1,527,929	15,950	1,839,354
Office expenses	2,246,529	47,400	89,811	2,383,740
Computers and technology	1,079,395	88,867	106,045	1,274,307
Occupancy	21,286	-	839,545	860,831
Meetings and travel	249,008	29,354	56,388	334,750
Depreciation	27,018	-	92,113	119,131
Dues, licenses and continuing education	61,634	3,214	71,234	136,082
Other expenses	144,477	-	74,983	219,460
	$ 314,974,658	$ 3,096,489	$ 5,691,061	$ 323,762,208

Greater Houston Community Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net change in net assets	$ 138,327,521	$ (135,176,914)
Adjustments to reconcile net income to net cash from operating activities		
Contributions of marketable investments	(43,457,840)	(8,502,725)
Contributions of limited marketable investments	(60,204,020)	(15,903,985)
Net realized and unrealized (gain) loss on investments	(115,604,717)	120,270,605
Depreciation of property and equipment	112,881	119,131
Change in operating assets and liabilities		
Contributions and other receivables	794,983	(14,403,578)
Interest receivable	(248,210)	(85,110)
Split interest agreements	(429,000)	1,049,000
Deposits and other assets	(46,371)	618,921
Accounts payable and other liabilities	(137,420)	389,179
Grants payable	(4,385,842)	12,340,658
Annuity payable	(125,000)	(92,000)
Funds held for others	3,612,634	299,568
Net cash from operating activities	(81,790,401)	(39,077,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable investments	(561,021,985)	(681,706,882)
Proceeds from sale of marketable investments	572,754,031	518,888,895
Proceeds from sale of limited marketable investments	30,398,654	3,814,248
Liquidating distributions from limited marketable investments	-	11,477,627
Collections on notes receivables	531,833	3,361
Issuance of notes receivable	(5,900,000)	(4,473,075)
Purchase of property and equipment	(10,000)	-
Net cash from investing activities	36,752,533	(151,995,826)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(45,037,868)	(191,073,076)
CASH AND CASH EQUIVALENTS, beginning of year	322,177,627	513,250,703
CASH AND CASH EQUIVALENTS, end of year	$ 277,139,759	$ 322,177,627

See accompanying notes.

Note 1 – Organization and Summary of Significant Accounting Policies

The Greater Houston Community Foundation and Subsidiaries, a nonprofit Texas corporation (the Foundation), was organized in 1971 to administer and distribute property for charitable purposes, principally within the metropolitan area of Houston, Texas. The broad objectives of the Foundation include growing the amount and impact of charitable giving in the Houston area by serving individual, family and corporate donors in a flexible and tax-efficient way. The Foundation strives to connect donors to the causes they care about most and to the needs of the community.

Principles of consolidation – The consolidated financial statements include the accounts of the Greater Houston Community Foundation and its nonprofit supporting organizations. Supporting organizations are Texas nonprofit corporations or trusts that are affiliated with the Foundation by their purposes and operations and are deemed to be publicly supported charities rather than private foundations. All significant inter-entity activity and balances have been eliminated.

Basis of presentation – The accompanying consolidated financial statements are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities.* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations, subject to designations below, and not subject to donor restrictions. Donor Advised Funds are gifts to the Foundation without donor restrictions; however, the donor retains the right to recommend grants to organizations that support the broad charitable purposes of the Foundation. The Foundation classifies funds established by donors as net assets without donor restrictions by virtue of the variance power granted the Governing Board with certain limited exceptions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Grants, contributions of cash and other assets and the related earnings are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the current period are recorded as contributions without donor restrictions.

Net assets released from donor restrictions – Simultaneous increases and decreases in net asset classes are made when the Foundation fulfills the purposes for which net assets were restricted. Certain donor-imposed restrictions expire with the passage of time.

Management's estimates – Management uses estimates and assumptions in preparing financial statements in accordance with U.S. GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of credit risk – Financial instruments which subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, contributions receivable, and notes receivable. The Foundation places its cash and cash equivalents with high credit quality financial institutions and brokerage firms. Deposits with these financial institutions exceeded the amount of insurance provided on such deposits at December 31, 2023 and 2022; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk.

The collectability of the contributions and notes receivable is reviewed annually and an allowance for credit losses is established as needed based upon factors surrounding the credit risk of specific donors, historical trends and other information. Management has determined that there is no need for an allowance for credit losses as of December 31, 2023 or 2022. At December 31, 2023, one donor accounted for 87% of gross contributions and other receivables. At December 31, 2022, one donor accounted for 94% of gross contributions and other receivables.

Investment risk – The Foundation's investments subject the Foundation to various levels of risk associated with economic, operating, and political events beyond management's control. Consequently, management's judgment as to the level of losses that currently exist or may develop in the future involves the consideration of current and anticipated conditions and their potential effects on the Foundation's investments. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is possible that changes in risks in the near term could materially impact the amounts reflected herein.

Cash and cash equivalents – Cash and cash equivalents generally consist of demand deposits and money market mutual funds invested in short-term, highly liquid time deposits having maturities in 90 days or less. All credit card and debit card transactions that process in fewer than seven days are classified as cash and cash equivalents.

Marketable investments – The Foundation's investments are made in accordance with the investment policy and objectives adopted by the Foundation's Governing Board. These guidelines provide for investments in equity securities, fixed income securities, multi strategy funds, real assets, and other securities. Marketable investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Limited marketable investments – The Foundation receives contributions and assignments of interests in limited partnerships, limited liability companies, and stock in closely held corporations. These investments are recorded at appraised value at the date of contribution. Management annually evaluates these investments for impairment and reduces the carrying value when it believes there has been a permanent decline. Income from these investments is recorded using the cost method whereby non liquidating distributions of cash or additional ownership units received are reflected as interest and dividend income in the statements of activities.

Other investments – Other investments are held by donor advised funds and include mineral interests, cash surrender value of life insurance policies and real estate held for resale. Mineral interests and real estate held for resale are recorded at appraised value at the date of contribution and are evaluated annually for impairment based upon management's estimate of discounted anticipated future cash flows. Cash surrender value of life insurance policies are carried at fair value. This classification includes life insurance policies whose fair value is the cash surrender value as determined by the insurance company. Also included in other investments on the accompanying consolidated statements of financial position are nonfinancial assets that are not included in the fair value tables consisting of land held for resale of $0 and $1,960,000 and mineral interests of $1,000 at December 31, 2023 and 2022.

Investments held at net asset value – The Foundation uses net asset value (NAV) as a practical expedient to determine the fair value of alternative investments which (a) do not have a readily determinable fair value, and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. If the NAV of the investment obtained from the fund manager is not as of the Foundation's measurement date or is not calculated in a manner consistent with the specialized accounting guidance for investment companies, the Foundation considers whether an adjustment to the most recent NAV is necessary. Because of the inherent uncertainty of valuations, these amounts may differ materially from values that would be realized if the investments were sold.

Property and equipment – Property and equipment are stated at cost or estimated fair market value at the date of donation. Additions are capitalized and depreciated using the straight-line method over the following estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Furniture and equipment	3 to 7 years

Maintenance and repairs are expensed as incurred. When property and equipment is retired or otherwise disposed of, the cost thereof and the applicable accumulated depreciation is removed from the respective accounts and the resulting gain or loss is reflected in earnings.

Grants payable – Grants payable and related expenses are recognized in the period in which all due diligence has been completed, and the grants are approved by the Foundation's Governing Board. Grants payable in more than one year are discounted, if significant, to their present value at the time the grant is awarded.

Annuity payable – The annuity payable is part of a gift annuity agreement with certain donors whereby the Foundation agrees to pay an amount annually to the donors in consideration of a gift contribution. The difference between the gift and present value of the annuity payable is recognized as a contribution on the consolidated statements of activities. The Foundation has no potential liability for annual payments in excess of the fund's assets.

Funds held for others – Funds held for others consist of the liability for pledges receivable and monies held in funds established by various not-for-profit organizations which have named themselves or their affiliates as the beneficiary of the fund and money received from court directed judgments administered by the Foundation. Also included are investment funds managed by the Foundation without variance power.

Revenue recognition – The Foundation recognizes revenue from unconditional contributions as funds are collected or pledges are made. Administrative fee revenue includes asset based fee revenue and service fee revenue, and is recognized monthly in arrears in accordance with terms of contractual agreements. Certain contributions are received as a result of the donors' estate planning and may not occur predictably, which may cause significant fluctuations from year to year. During 2023 and 2022, two donors accounted for approximately 31% and 49%, respectively, of total contributions.

Contributions of nonfinancial assets – Contributions of noncash assets are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions of non-financial assets and services were insignificant during 2023 and 2022.

In addition, volunteers assist management in budget analysis, insurance evaluation, and other administrative activities. The values of these donated services are not recognized in the accompanying consolidated financial statements as the nature of the services received do not meet the guidelines for recognition established by U.S. GAAP.

Change in value of split interest agreements – The change in value of split interest agreements is reported as restricted support on the statements of activities, and includes amortization of the discount of the contributions receivable from charitable trusts, changes in the discount of the related annuities payable and changes in the present value of the underlying assets of contributions receivable from charitable trusts (see Note 8).

Federal income taxes – The Foundation is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). However, the Foundation is subject to taxes on unrelated business income. The Foundation had no significant unrelated business income in 2023 and 2022.

The Foundation does not have any material uncertain tax positions. Based on an evaluation of its tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded. Tax penalties and interest, if any, would be accrued as incurred and would be classified as general and administrative expense in the statements of activities.

Functional expenses – The financial statements report certain expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, rent and utilities which are allocated on a square footage basis, as well as salaries and benefits and related costs which are allocated on the basis of the number of direct program staff combined with estimates of time and effort for certain executive and support staff. Consulting fees, professional fees, and contract labor are generally incurred for specific functions.

Leases – The Foundation determines if an arrangement is a lease at inception. The Foundation made the election to not apply the recognition requirements in ASC Topic 842 to short-term leases (i.e., leases of 12 months or less). Instead, the Foundation recognizes lease expense for short-term leases as payments are made. Long-term operating leases are included in right of use assets (ROU assets) and operating lease liability.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate when readily determinable. As most of the Foundation's leases do not provide an implicit rate, an incremental borrowing rate is used in determining the present value of lease payments based on the information available at the commencement date. The incremental borrowing rate reflects the estimated rate of interest that would be paid to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The Foundation elected the practical expedient to utilize a risk free interest rate (the US Treasury rate) as the incremental borrowing rate. The ROU asset also includes any lease payments made and excludes lease incentives received. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

Recently issued accounting pronouncements – In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (CECL), which requires the establishment of an allowance for estimated credit losses on financial assets, including trade and other receivables and contract assets, at each reporting date. The Foundation adopted the new standard on January 1, 2023, using the modified-retrospective approach, which did not have a significant effect on the financial statements as of and for the year ended December 31, 2023. The impact of the adoption is not considered to have a significant impact on the comparative 2022 balances, as such, comparative 2022 information has not been adjusted to conform to the new standard and continues to be reported under the accounting standards in effect for that year.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation does not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued. Subsequent events have been evaluated through May 1, 2024, the date which the consolidated financial statements were available to be issued.

Note 2 – Liquidity and Availability

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the Foundation's financial assets as of December 31, 2023 and 2022, reduced by amounts unavailable for grants and other expenses within one year. Financial assets are considered unavailable when they are illiquid, unable to be converted to cash within one year, funds held for others, or net assets with donor restrictions.

Financial assets are as follows at December 31:

	2023	2022
Cash and cash equivalents	$ 277,139,759	$ 322,177,627
Marketable investments	950,896,134	803,147,537
Contributions and other receivables, net	15,415,840	16,210,823
Interest receivables	387,695	139,485
Limited marketable investments	100,765,152	69,451,642
Notes receivable	19,875,259	14,507,092
Split interest agreements	5,202,000	4,773,000
Total financial assets	1,369,681,839	1,230,407,206
Less amounts not available to be used within one year		
Purpose restricted net assets	5,202,000	4,773,000
Funds held for others	20,644,532	17,031,898
Investments not convertible to cash within next 12 months	6,500,510	4,361,023
Contributions and other receivables collectible beyond one year	13,863,382	14,093,501
Interest receivable	209,378	113,619
Limited marketable investments	91,781,172	66,098,470
Notes receivable collectible beyond one year	18,678,756	14,483,974
	156,879,730	120,955,485
Total available financial assets	$ 1,212,802,109	$ 1,109,451,721

Note 3 – Investment Returns, Net

Investment returns, net are comprised of the following for the years ended December 31:

	2023	2022
Interest and dividend income	$ 34,610,933	$ 19,363,278
Investment management fees	(1,916,302)	(1,538,000)
Net realized and unrealized gain (loss) on marketable securities	116,102,773	(121,236,423)
Net realized and unrealized (loss) gain on limited marketable investments and other investments	(498,056)	965,818
	$ 148,299,348	$ (102,445,327)

Note 4 – Fair Value Measurements

Following is information regarding the nature of the financial instruments and the techniques used to estimate the fair values. There have been no changes in the techniques used during 2023 and 2022.

Equity and fixed income securities – The fair value is determined by the investment custodians based on recent sales in the open market of same or similar investments.

Equity and fixed income securities also include long-short funds invested in equity and fixed income securities to generate optimal risk-adjusted returns. These funds can be redeemed at various intervals ranging from daily to semi-annually and have redemption notice requirements up to 90 days depending on the manager. The fair value of long-short funds is determined by the managers of the various investment vehicles using fair values of underlying assets, estimates of future earnings, and other factors.

Commodities securities – The fair value is determined by the investment custodians based on recent sales in the open market of same or similar investments.

Multi strategy funds – Multi strategy funds include funds that offer one core strategy across different hedge fund vehicles with allocations that range from long-short equity, long-short credit, global macro, fixed income arbitrage, managed futures, and event driven credit, among others. These funds can be liquidated at various intervals ranging from monthly to nonredeemable during the predetermined lifespan of the fund with 15 to 90 day redemption notice periods for redeemable funds depending on the manager. The fair value of multi strategy funds is determined by the managers of the various investment vehicles using fair values of underlying assets, estimates of future earnings and other factors.

Real estate – Real estate assets include actively managed mutual fund portfolios that invest in a broad array of commodity futures, commodity-related equities, bonds, and currencies. Sectors may include energy, industrial and precious metals, livestock and agriculture. The fair value of real assets is based on the quoted prices of the mutual funds.

Split interest agreements – The fair value of split interest agreements is estimated by management of the Foundation based on actuarial assumptions and discount rates applied to projected future cash flows (see Note 8).

Limited marketable investments – Limited marketable investments are measured on a nonrecurring basis at appraised value upon initial acquisition, and subsequently adjusted for liquidating distributions and for impairment as determined by the Foundation’s management. These determinations are based on information provided by the investee relating to income/losses and total assets in conjunction with projected distributions to be made to the Foundation.

For financial instruments recorded at fair value, U.S. GAAP provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

These inputs are summarized in the three broad levels listed below:

Level 1 – Unadjusted quoted prices for identical financial instruments in active markets that the Foundation has the ability to access.

Level 2 – Other significant observable inputs (including quoted prices in active or inactive markets for similar financial instruments), or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial instruments.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instruments. The fair value of Level 3 financial instruments is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The estimated fair value amounts of financial instruments have been determined by the Foundation using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Foundation could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Investment funds valued using NAV or its equivalent as reported by investment managers and have trading activity and the ability to redeem at NAV on or near the reporting date, are evaluated outside of the fair value hierarchy.

The following tables summarize financial assets measured/recorded at fair value as of December 31, 2023 and 2022:

	2023				
	Level 1	Level 2	Level 3	Assets Measured Using Net Asset Value (or Equivalent)	Total
Measured on a recurring basis					
Equity securities					
Domestic equity	$ 304,293,361	$ -	$ -	$ 133,549,661	$ 437,843,022
Global equity	19,020,556	-	-	36,491,689	55,512,245
Foreign equity	100,898,345	-	-	-	100,898,345
Long-short equities	531,975	-	-	-	531,975
Fixed income securities					
Government bonds	42,749,838	141,573,276			184,323,114
Corporate bonds	85,922,281	7,683,098	-	2,487,239	96,092,618
Asset backed	3,699,498	194,826	-	-	3,894,324
Long-short fixed income	102,661	-	-	-	102,661
Global fixed income	7,246,273	-	-	42,738,295	49,984,568
Commodities	353,010	-	-	-	353,010
Multi strategy funds	650,434	-	-	15,663,306	16,313,740
Real estate	5,046,512	-	-	-	5,046,512
Split interest agreements	-	-	5,202,000	-	5,202,000
Measured on a nonrecurring basis					
Other investments	-	212,186	-	-	212,186
Limited marketable investments	-	-	100,765,152	-	100,765,152
	$ 570,514,744	$ 149,663,386	$ 105,967,152	$ 230,930,190	$ 1,057,075,472

	2022				
	Level 1	Level 2	Level 3	Assets Measured Using Net Asset Value (or Equivalent)	Total
Measured on a recurring basis					
Equity securities					
Domestic equity	$ 272,576,645	$ -	$ -	$ 101,718,478	$ 374,295,123
Global equity	15,427,741	-	-	38,266,728	53,694,469
Foreign equity	66,890,854	-	-	-	66,890,854
Long-short equities	1,850,035	-	-	-	1,850,035
Fixed income securities					
Government bonds	28,015,131	121,416,837	-	-	149,431,968
Corporate bonds	29,937,586	8,202,141	-	1,346,441	39,486,168
Asset backed	51,956,297	147,266	-	-	52,103,563
Long-short fixed income	25,607	-	-	-	25,607
Global fixed income	5,997,895	24,966	-	35,152,272	41,175,133
Multi strategy funds	705,204	-	-	22,292,197	22,997,401
Real estate	1,197,216	-	-	-	1,197,216
Split interest agreements	-	-	4,773,000	-	4,773,000
Measured on a nonrecurring Basis					
Other investments	-	177,416	-	-	177,416
Limited marketable investments	-	-	69,451,642	-	69,451,642
	$ 474,580,211	$ 129,968,626	$ 74,224,642	$ 198,776,116	$ 877,549,595

The Foundation manages its investments by the nature of the underlying securities regardless of the ownership vehicle. Fixed income and equity securities in the preceding tables include individually owned securities as well as comingled funds, mutual funds and limited partnerships investing in the specified type of fixed income or equity security.

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets:

	Split Interest Agreements	Limited Marketable Investments	Total
BALANCE, December 31, 2021	$ 5,822,000	$ 67,889,142	$ 73,711,142
Contributions	-	15,903,985	15,903,985
Total gains (losses) included in change in net assets	(558,579)	950,390	391,811
Purchases, issues, sales, and settlements			
Purchases	-	-	-
Sales	(490,421)	(15,291,875)	(15,782,296)
BALANCE, December 31, 2022	4,773,000	69,451,642	74,224,642
Contributions	-	60,204,020	60,204,020
Total gains (losses) included in change in net assets	575,578	(418,086)	157,492
Purchases, issues, sales, and settlements			
Purchases	-	-	-
Sales	(146,578)	(28,472,424)	(28,619,002)
BALANCE, December 31, 2023	$ 5,202,000	$ 100,765,152	$ 105,967,152

The following table discloses the Foundation's significant unobservable inputs used in valuing the Level 3 investments at December 31, 2023:

Investment	Valuation Technique	Unobservable Input	Range
Split interest agreements	Income Approach	Discount rate	2.55%-4.9%
Limited marketable investments	Company Valuation	Company Financials	N/A*

*Not included due to the wide range of possible values given the diverse nature of underlying investments.

The following table summarizes characteristics of the Foundation's investments measured using NAV at December 31, 2023:

	Fair Value	Amount of Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity	$ 133,549,661	$ -	60 days to none	Quarterly to cannot redeem
Global equity	36,491,689	-	16 days	Monthly
Corporate bonds	2,487,239	-	15 days	Monthly
Global fixed income	42,738,295	-	90 days to none	Quarterly to cannot redeem
Multi strategy funds	15,663,306	-	90 days	Quarterly
Total	$ 230,930,190	$ -		

Although the Foundation uses its best judgment in estimating the fair value of investments, there are inherent limitations in any estimation technique. Therefore, the values presented herein are not necessarily indicative of the amount that the Foundation could realize in a current transaction. Future confirming events could affect the estimates of fair value and could be material to the consolidated financial statements. These events could also affect the amount realized upon liquidation of the investments.

Note 5 – Investment Pool Activity

The Foundation has several investment pools contributors may select to place their funds. The table below sets forth the summary of activity in these funds:

	Growth & Income	Growth	Income	Passive Growth	Passive Income	Money Market	Total
INVESTMENT POOL BALANCE, December 31, 2021	$ 204,246,600	$ 55,883,805	$ 33,847,718	$ 180,559,305	$ 33,816,880	$ 406,446,656	$ 914,800,964
Interest and dividend income	1,357,740	1,693,360	613,181	1,274,972	340,079	2,323,950	7,603,282
Net realized and unrealized gain on investments	(31,084,797)	(9,055,518)	(3,653,827)	(24,008,379)	(4,500,838)	-	(72,303,359)
Investment management fees fees	(163,844)	(79,497)	(38,104)	(59,803)	(15,835)	-	(357,083)
Contributions and withdrawals, net	(17,020,131)	79,650,665	14,493,067	(157,766,095)	(29,640,286)	(213,436,665)	(323,719,445)
INVESTMENT POOL BALANCE, December 31, 2022	157,335,568	128,092,815	45,262,035	-	-	195,333,941	526,024,359
					Other non-pooled investments		351,525,236
				Total investments as of December 31, 2022			877,549,595
INVESTMENT POOL BALANCE, December 31, 2022	157,335,568	128,092,815	45,262,035	-	-	195,333,941	526,024,359
Interest and dividend income	1,904,348	2,954,043	1,152,995	-	-	5,455,724	11,467,110
Net realized and unrealized gain on investments	23,158,548	21,655,621	4,147,921	-	-	1,201,104	50,163,194
Investment management fees	(147,148)	(120,481)	(40,968)	-	-	(58,321)	(366,918)
Contributions and withdrawals, net	(7,614,337)	(2,122,384)	(1,344,071)	-	-	(73,049,116)	(84,129,908)
INVESTMENT POOL BALANCE, December 31, 2023	$ 174,636,979	$ 150,459,614	$ 49,177,912	$ -	$ -	$ 128,883,332	$ 503,157,837
					Other non-pooled investments		$ 553,917,635
				Total investments as of December 31, 2023			$ 1,057,075,472

Note 6 – Contributions and Other Receivables, Net

Contributions receivable in more than one year are discounted, if significant, to their present value at the time the pledge is received using rates representing the risk free rate of return as of the date of the gift (3.0% in 2023 and 2022). Receivables may consist of pledges and billings to clients for service fees and out of pocket expenses. Contributions and other receivables at December 31, 2023 and 2022, consist of the following:

	2023	2022
Receivable in one year or less	$ 1,552,458	$ 2,117,322
Receivable in two years	1,436,002	1,200,000
Receivable in three years	1,107,666	1,000,000
Receivable in four years	1,000,000	1,000,000
Receivable in five years	1,000,000	1,000,000
Receivable in more than five years	14,000,000	15,000,000
Less discount on long-term pledges receivable	(4,680,286)	(5,106,499)
	$ 15,415,840	$ 16,210,823

Note 7 – Notes Receivable

The Foundation holds notes receivable for the benefit of certain donor advised funds at December 31 as follows:

	2023	2022
Promissory note from a non-profit organization accruing interest at .75% annually, interest due annually beginning April 30, 2023, principal due at maturity on December 9, 2032; unsecured.	$ 4,000,000	$ -
Promissory note from a non-profit organization accruing interest at the lesser of the maximum lawful rate applicable to the state of Texas or 1% annually; principal and unpaid interest due to maturity in December 2031; unsecured.	3,500,000	3,500,000
Promissory note from a limited partnership accruing interest at 4.30% annually; interest due annually beginning December 29, 2015; principal due at maturity in December 2034; unsecured.	2,500,000	2,500,000
Promissory note from a non-profit organization bearing no interest; principal due at maturity in June 2029; unsecured.	2,000,000	2,000,000
Promissory note from a non-profit organization accruing interest at 4% annually; principal and unpaid interest due at maturity in August 2026; unsecured.	2,000,000	2,000,000
Promissory note from a limited liability company accruing interest at 2% annually; principal and unpaid interest due at maturity in April 2028; unsecured.	1,467,857	1,873,075
Senior promissory note from a social impact investment LLC, accruing interest at an annual rate of 2%, which is payable in arrears quarterly with any remaining unpaid interest and principal due at maturity in March 2025; unsecured.	1,250,000	1,250,000
Promissory note from a non-profit organization with total available borrowings of $800,000, interest due annually at the lesser of the maximum lawful rate applicable to the state of Texas or 1.5%; principal and unpaid interest due at maturity in December 2034; unsecured.	800,000	300,000

	2023	2022
Subordinated promissory note from a social impact investment LLC, accruing interest at an annual rate of 4% which is payable in arrears quarterly with any remaining unpaid interest and principal due at maturity in March 2025; unsecured.	750,000	750,000
Promissory note from a non-profit organization with total available borrowings of $1,200,000, interest due annually at the lesser of the maximum lawful rate applicable to the state of Texas or 1%; principal and unpaid interest due at maturity in December 2036; unsecured.	1,200,000	300,000
Promissory note from a non-profit organization accruing interest at 5% annually, interest due monthly beginning January 31, 2023 principal due at maturity on September 1, 2024; unsecured.	373,385	-
Other notes receivable	34,017	34,017
Total	$ 19,875,259	$ 14,507,092
Current portion of notes receivable	$ 1,196,503	
Long-term portion of notes receivable	18,678,756	
Total	$ 19,875,259	

Note 8 – Split Interest Agreements

The Foundation has beneficial interests in irrevocable charitable remainder trusts (CRTs) in which the Foundation is not the trustee. Under the terms of the trust agreements, the donors have established and funded trusts which specify that distributions be made to a designated beneficiary or beneficiaries over the trust terms. Upon termination of the trusts, the Foundation receives the assets remaining in the trust.

The Foundation is also the beneficiary of charitable lead trusts (CLTs) in which the Foundation is not the trustee. Under the terms of the trust agreements, the Foundation is to receive a fixed payment annually over the specified term in the trust agreements. Upon the expiration of the trust agreements, the remaining trust assets are distributed to others.

When the Foundation has irrevocable rights to CRTs or CLTs and does not hold the assets, the Foundation's interest in the trust assets and specified future distributions is recorded as a beneficial interest in split interest agreements. Assets are initially recorded as contributions at the present value of the projected future cash flows using actuarial assumptions and discount rates based on market conditions in effect when the trusts were established and based on terms established in the trust agreements. As of December 31, 2023 and 2022, discount rates ranged from 2.55% to 4.90%.

The change in value during the year is recorded as a change in value of split interest agreements. At December 31, 2023, beneficial interest in CRTs and CLTs totaled $4,000,000 and $1,202,000, respectively. At December 31, 2022, beneficial interest in CRTs and CLTs totaled $3,483,000 and $1,290,000, respectively.

No contributions of interest in charitable trusts were received in 2023 or 2022.

Note 9 – Property and Equipment, Net

Cost of property and equipment by major asset category and accumulated depreciation are as follows at December 31:

	2023	2022
Land	$ 1,328,910	$ 1,328,910
Buildings and improvements	1,729,968	1,729,968
Furniture and equipment	1,247,511	1,237,511
	4,306,389	4,296,389
Less accumulated depreciation	(2,306,547)	(2,193,666)
	$ 1,999,842	$ 2,102,723

Land, buildings and improvements with a cost of $2,971,968 and accumulated depreciation of $1,156,738 at December 31, 2023, are included in the assets of a support organization, the purpose of which is to rent operating facilities to another nonprofit organization. Depreciation expense was $112,881 and $119,131 for the years ended December 31, 2023 and 2022, respectively.

Note 10 – Grants Payable

Grants payable at December 31, 2023 and 2022 are payable in the following periods:

	2023	2022
Payable in one year	$ 8,097,817	$ 10,024,584
Payable in two years	6,619,986	6,008,917
Payable in three years	1,906,855	5,416,417
Payable in four years	1,177,024	735,106
Payable in five years	2,500	2,500
Payable in more than five years	12,500	15,000
	9,718,865	12,177,940
Total grants payable	$ 17,816,682	$ 22,202,524

Discounts on long-term grants payable were deemed insignificant at December 31, 2023 and 2022.

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions are time restricted and consist of the following at December 31, 2023 and 2022:

	2023	2022
Contributions receivable	$ 14,567,558	$ 15,313,500
Split interest agreements	5,202,000	4,773,000
Purpose restricted	685,275	-
Total net assets with donor restrictions	$ 20,454,833	$ 20,086,500

Note 12 – Leases

The Foundation leases office space and office equipment under operating leases expiring from 2024 to 2029.

Future minimum lease payments, including those of the supporting organization, consist of the following at December 31, 2023:

	Operating Leases		
	Office Leases	Equipment Leases	Total
2024	$ 516,761	$ 12,326	$ 529,087
2025	527,371	4,894	532,265
2026	419,179	-	419,179
2027	417,725	-	417,725
2028	426,957	-	426,957
Thereafter	325,410	-	325,410
Total minimum lease payments	2,633,403	17,220	2,650,623
Less imputed interest	(111,080)	(328)	(111,408)
Present value of lease liabilities	$ 2,522,323	$ 16,892	$ 2,539,215
Weighted-average remaining lease term (years)	5	1	
Weighted-average discount rate	1.6%	2.9%	

The Foundation also pays property taxes, maintenance, and other routine building operating expenses. Rent expense under these agreements totaled $922,878 and $853,216 for the years ended December 31, 2023 and 2022, respectively. The following table provides details regarding the components of operating lease expense for the year ended December 31, 2023:

	2023	2022
Operating lease expense components		
Leases with term greater than 12 months	$ 606,305	$ 620,174
Property tax and operating expense	316,573	233,042
Total operating lease expense	$ 922,878	$ 853,216

Note 13 – Retirement Plan

Effective January 1, 2007, the Foundation established a 401(k) plan for all eligible employees. The plan is a defined contribution plan, and the investments are selected by the participants. The Foundation matches 100% of an eligible participant's pre-tax contribution up to 6% of allowable compensation. Employer and employee contributions vest immediately.

For the years ended December 31, 2023 and 2022, the Foundation's contributions to the plan were $417,894 and $401,934, respectively.

Note 14 – Endowment

Net asset classifications – U.S. GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization, that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). U.S. GAAP also requires disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds), whether or not the organization is subject to UPMIFA.

The state of Texas adopted UPMIFA effective September 1, 2007. The Governing Board, on the advice of legal counsel, has classified as endowments those funds with spending policies stipulated in the fund agreements.

The Foundation is governed subject to the Certificate of Formation and Bylaws of the Greater Houston Community Foundation. The Bylaws of the Foundation include a variance power provision which gives the Governing Board the authority to modify any restriction or condition placed on gifts, if in its sole judgment the Governing Board determines that the restriction becomes, in effect, incapable of fulfillment or is inconsistent with the charitable needs of the community. Further, under the governing documents of the Foundation, the Governing Board has the authority to distribute as much of the corpus of any gift, devise, bequest, or fund as the Governing Board in its sole discretion shall determine. As a result, all contributions not reported as net assets with donor restrictions are reported as net assets without donor restrictions for financial statement purposes, including those classified as endowments.

Endowment investment and spending policies – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation’s various endowed funds for grant making and administration. The current spending policy is to distribute an amount up to 4% of the previous twelve quarter average fund balance. Accordingly, over the long term, the Foundation expects current spending policy to allow its endowment assets to grow at a rate exceeding inflation at an average rate of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

The composition of and changes in endowment net assets as of December 31, 2023 and 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2021	$ 29,127,376	$ 372,000	$ 29,499,376
Contributions	198,681	-	198,681
Investment Return			
Investment income, net of fees	515,596	-	515,596
Net realized and unrealized loss	(5,246,277)	-	(5,246,277)
Change in value of split interest agreements	-	91,315	91,315
Total revenue	(4,532,000)	91,315	(4,440,685)
Grants	(653,347)	(338,315)	(991,662)
Administration and other expenses	(190,231)	-	(190,231)
Total disbursements	(843,578)	(338,315)	(1,181,893)
Endowment Net Assets, December 31, 2022	23,751,798	125,000	23,876,798
Contributions	-	-	-
Investment Return			
Investment income, net of fees	542,683	-	542,683
Net realized and unrealized loss	3,982,813	-	3,982,813
Change in value of split interest agreements	-	6,000	6,000
Total revenue	4,525,496	6,000	4,531,496
Grants	883,282	-	883,282
Administration and other expenses	190,410	-	190,410
Total disbursements	1,073,692	-	1,073,692
Endowment Net Assets, December 31, 2023	$ 27,203,602	$ 131,000	$ 27,334,602

Note 15 – Supplemental Disclosure of Noncash Investing Activities

	2023	2022
Net realized and unrealized gain on marketable securities related to funds held for others	$ 2,658,958	$ 3,292,670

Note 16 – Contingencies

Employee retention credit – Under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Foundation was eligible for a refundable employee retention credit subject to certain criteria. The Foundation qualified for the tax credit in fiscal year 2022 and filed the claim in fiscal year 2022. The Foundation recognized $778,472 in employee retention credit during the year ended December 31, 2022, which is included in revenues and other support on the consolidated statements of activities. As of December 31, 2023, the Foundation has $778,472 receivable balance related to the tax credit, which is included in contributions and other receivables on the consolidated statements of financial position.

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