

**THE GEORGE FOUNDATION**  
**CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
December 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
The George Foundation  
Richmond, TX

### ***Opinion***

We have audited the accompanying consolidated financial statements of The George Foundation (a non-profit foundation), which comprise the consolidated statements of assets, liabilities, and net assets – federal excise tax basis as of December 31, 2024 and 2023, and the related consolidated statements of revenues, expenses, and other changes in net assets – federal excise tax basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets – federal excise tax basis of The George Foundation as of December 31, 2024 and 2023, and its revenues, expenses, and other changes in net assets for the years then ended in accordance with the basis of accounting The George Foundation uses for excise tax purposes as described in Note 2.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The George Foundation 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.

### ***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Foundation uses for excise tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the excise tax basis of accounting described in Note 2, and for determining that the excise tax basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Mohle Adams LLP

CERTIFIED PUBLIC ACCOUNTANTS

August 26, 2025

THE GEORGE FOUNDATION  
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES,  
AND NET ASSETS – FEDERAL EXCISE TAX BASIS  
December 31, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current:		
Cash and cash equivalents	\$ 23,002,607	\$ 6,954,448
Marketable securities (Note 4)	206,972,204	178,912,669
Other current assets	<u>14,494</u>	<u>15,133</u>
Total current assets	229,989,305	185,882,250
Accounts & notes receivable, non-current (Note 5)	22,104,994	20,323,082
Investments in partnerships, noncurrent (Note 4)	8,245,802	8,939,757
Property, improvements, and equipment, net (Note 7)	30,879,472	31,972,166
Charitable use and grant related capital assets, net (Note 7)	12,645,039	12,112,435
Organizational and lease acquisition costs, net (Note 6)	460,337	471,679
Oil and gas properties, net (Note 8)	<u>58,973</u>	<u>58,973</u>
Total assets	<u>\$ 304,383,922</u>	<u>\$ 259,760,342</u>

LIABILITIES AND NET ASSETS

Current:		
Accounts payable	<u>\$ 12,315</u>	<u>\$ 9,909</u>
Total current liabilities	12,315	9,909
Deposits and other liabilities	<u>204,065</u>	<u>1,650</u>
Total liabilities	216,380	11,559
Commitments and contingencies (Note 12)		
Net assets:		
Unrestricted net assets	<u>304,167,542</u>	<u>259,748,783</u>
Total liabilities and net assets	<u>\$ 304,383,922</u>	<u>\$ 259,760,342</u>

The accompanying notes are an integral part of the financial statements.

THE GEORGE FOUNDATION  
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER  
CHANGES IN NET ASSETS – FEDERAL EXCISE TAX BASIS  
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in unrestricted net assets:		
Revenue and gains:		
Oil and gas royalties	\$ 1,148,428	\$ 1,090,189
Rental income	1,561,711	1,369,888
Dividends (Note 3)	3,050,464	2,697,203
Interest (Note 3)	4,013,733	2,618,311
Capital gain distributions (Note 3)	5,773,880	2,335,453
Net realized gain on investments (Notes 3 & 10)	6,250,095	4,651,306
Gain (loss) on sale of assets (Note 11)	49,302,573	3,178,046
Other investment income (loss) (Note 3)	(730,052)	(238,529)
Other income (Note 9)	195,950	150,543
	<u>70,566,782</u>	<u>17,852,410</u>
Expenses: (Note 13)		
Grants (Note 9)	18,606,592	19,018,722
General and administrative expenses	3,631,127	3,694,408
George Ranch Historical Park operating expenses	2,077,837	2,092,199
Investment expenses (Note 3)	1,007,495	900,858
Federal excise tax expense	771,834	353,000
Ad valorem taxes	428,485	128,696
Depreciation - George Ranch Historical Park (Note 7)	640,752	447,661
Depreciation - other than George Ranch Historical Park (Note 7)	96,650	100,859
Amortization (Note 6)	11,342	11,342
	<u>27,272,114</u>	<u>26,747,745</u>
Increase (decrease) in unrestricted net assets	43,294,668	(8,895,335)
Net assets at beginning of year	259,748,783	268,645,968
Fair market value of grants in excess of cost (Note 16)	1,207,053	277,506
Charitable use assets written off (Note 16)	(82,962)	(279,356)
Net assets at end of year	<u>\$ 304,167,542</u>	<u>\$ 259,748,783</u>

The accompanying notes are an integral part of the financial statements.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**(1) Nature of Operations**

The George Foundation (the “Foundation”) is a charitable trust created by A. P. George and Mamie E. George. Income of the Foundation is used to make grants to fund religious, charitable, scientific, literary, and educational purposes. The principal source of income for the Foundation is derived from investments in equities, bonds, real estate, agricultural assets, and mineral interests.

**(2) Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the Foundation are prepared on the federal excise tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The federal excise tax basis of accounting differs from accounting principles generally accepted in the United States of America primarily because revenues and their related assets are recognized when received rather than when earned, and expenses and their related liabilities are recognized when paid rather than when the obligation is incurred. Additionally, investments in marketable securities and investment partnerships are reported on the tax basis instead of at fair market value.

Principles of Consolidation

The Foundation's consolidated financial statements include the accounts of The George Foundation and its wholly-owned special purpose entity subsidiaries, Berry Place Ventures Management, LLC, Berry Place Ventures, LP, and Berry Place Holdings, LP. All significant intercompany transactions have been eliminated.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with the federal excise tax basis of accounting requires the Foundation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity and Availability of Financial Assets

As of December 31, 2024, the Foundation has \$229,989,305 of financial assets, consisting of cash, marketable securities, and other current assets, reported on the federal excise tax basis, available within one year to meet cash needs for general operating expenditures.

Accounts Receivable and Allowance for Credit Losses

Receivable balances outstanding include non-current receivables from the Fort Bend County Levee Improvement District No. 6 (“LID”), the Fort Bend County Municipal Utility Districts #207 (“MUD 207”) and #237 (“MUD 237”), Fort Bend County Management District #3 (“MMD”), and trade cooperatives. No allowance for credit losses is deemed necessary as of December 31, 2024 and 2023.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(2) Summary of Significant Accounting Policies (Continued)**

Investments

Investments in marketable securities are recorded at cost on the date of acquisition. Investments in partnerships are accounted for using the Schedule K-1s of the federal income tax returns of the various partnerships. If the partnerships have current year distributions in excess of accumulated realized income, these excess distributions are reported as a return of capital against the investment.

George Ranch Historical Park

The George Ranch Historical Park is a project of the Foundation. Consistent with the handling in prior years, 2024 and 2023 expenditures in the amounts of \$1,309,771 and \$3,890,696, respectively, have been capitalized as project costs and the expenditures of \$2,077,837 and \$2,092,199, respectively, have been expensed.

Collections

The Foundation has a collection of historical memorabilia which is on display at the George Ranch Historical Park. Collection items are recorded at cost, and not subject to depreciation. All collection items are protected, kept unencumbered, cared for, and preserved. From time to time, the Foundation may donate deaccessioned items, but the Foundation does not sell collection items.

Property and Equipment

Property and equipment are valued at historical cost and depreciated by the straight-line method at rates between 4 and 39 years depending on the nature and estimated useful life of the asset. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Grants

Grants approved by the Foundation's Board of Trustees are recorded as expenses when paid.

Profit Sharing Plan

The Foundation has a profit sharing plan with a salary reduction feature permitted under section 401(k) of the Internal Revenue Code. The plan covers all employees over the age of twenty-one who have completed one year of service. The Foundation may make matching discretionary contributions equal to a percentage of the amount of the salary reduction the employees elect to defer. Salary reduction amounts and matching contributions are subject to limits imposed by the Internal Revenue Code. The Foundation's contributions to the plan in 2024 and 2023 were \$45,775 and \$46,965, respectively.

Employee Benefit Plan

The Foundation also has a defined benefit pension plan that uses the projected unit credit actuarial cost method for financial reporting purposes. The Foundation uses the "aggregate cost method" for funding purposes. The plan covers all of the Foundation's eligible employees. To be eligible, employees must be at least 20 years and 6 months of age, be employed by the Foundation for 1 year, and work at least 1,000 hours annually.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(2) Summary of Significant Accounting Policies (Continued)**

Employee Benefit Plan (Continued)

The benefits are based on years of service and the average monthly compensation for the five consecutive years when the employee had the highest aggregate compensation.

In 2024 and 2023, the Foundation contributed \$320,509 and \$298,840, respectively, to the plan. The Foundation anticipates making \$154,754 plus interest of contributions in 2025.

Benefit payments of \$232,269 and \$277,488 and were made for the years ended December 31, 2024 and 2023, respectively. The Foundation expects the plan to pay benefit payments of no less than \$232,269 for 2025 and 2026, and an amount in excess of \$232,269 for the following three years.

The defined-benefit pension plan is funded in amounts sufficient to meet the minimum requirements of the Employee Retirement Income Security Act of 1974. As of January 1, 2025, the date of the latest actuarial valuation, the Adjusted Funding Target Attainment Percentage, as defined by the Pension Protection Act of 2006, for 2024 and 2023 was 97.34% and 99.22%, respectively. As of December 31, 2024 and 2023, the market value of plan assets were \$4,972,058 and \$4,462,044, respectively. The accumulated benefit obligation at January 1, 2025 was \$4,854,268.

The plan assets are composed of the following as of December 31, 2024 and 2023:

<u>FMV of Plan assets</u>	<u>2024</u>	<u>2023</u>
Cash	\$ 19,390	\$ 17,454
Mutual funds (Level 1)	<u>4,952,668</u>	<u>4,444,590</u>
	<u>\$ 4,972,058</u>	<u>\$ 4,462,044</u>

The Foundation's investment strategy is to obtain a reasonable level of income and long-term growth of capital and income by investing plan assets in a fund with a broadly diversified holding of stocks and bonds.

Certain assumptions were used to estimate the pension obligation as of December 31, 2024:

Discount rate	5.36%
Rate of compensation increase	0.00%
Expected return on plan assets	7.50%

The expected rate of return on plan assets is determined by these assets' historical long-term investment performance.

Allocation of Functional Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, insurance, professional fees, and office and utility expenses, which are allocated on the basis of estimates of time and effort.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(2) Summary of Significant Accounting Policies (Continued)**

Revenue Recognition

As the financial statements are prepared on the federal excise tax method of accounting, dividend and interest revenue, royalty revenue, and farming and leasing income are recorded when received. Income from investment partnerships is recorded based on the partnership's Schedule K-1. Contributions are recognized as revenue when received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized at the donor's tax basis when received from the donor.

Federal Tax

The Foundation is classified as a private foundation and is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Net investment income is subject to a federal excise tax of 1.39%. Unrelated business income is subject to either trust tax rates or Schedule D tax rates. Excise tax expense for the years ended December 31, 2024 and 2023 was \$771,834 and \$353,000, respectively.

Management evaluates tax positions taken, or expected to be taken, in the course of preparing the Foundation's financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions, including interest and penalties if applicable, with respect to tax not deemed to meet the "more-likely-than-not" threshold would be recorded as an expense in the current year. The Foundation's decision regarding tax positions is subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations, and interpretations thereof. No penalties or interest were incurred during 2024 and 2023.

The Foundation's federal Return of Private Foundation (Form 990-PF) and their Exempt Organization Business Income Tax Return (Form 990-T) are subject to examinations by major taxing authorities for the three years prior to 2024.

**(3) Return on Investments**

Return on investments for 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 7,064,197	\$ 5,315,514
Capital gain distributions	5,773,880	2,335,453
Net realized gain on investments	6,250,095	4,651,306
Other investment income (loss)	(730,052)	(238,529)
Less: investment expenses	<u>(1,007,495)</u>	<u>(900,858)</u>
	<u>\$ 17,350,625</u>	<u>\$ 11,162,886</u>

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(4) Investments**

The statements of assets, liabilities, and net assets and the related statements of revenues, expenses, and other changes in net assets do not include any unrealized gains or losses due to changes in the market value of assets. Market values of marketable securities are determined on the last business day of the fiscal year. Investments in partnerships are determined in reference to the market value of net assets reported either on the partnership's Schedule K-1 or on the owner's percentage of the partnership's financial statements.

The original costs, market values, and unrealized gains (losses) of investments on hand at December 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	Market <u>Value</u>	Unrealized <u>Gain (Loss)</u>
Corporate stocks	\$ 58,990,938	\$ 100,809,059	\$ 41,818,121
U.S. & state government obligations	25,155,574	24,592,030	(563,544)
Corporate bonds and notes	7,003,317	6,798,159	(205,158)
Mutual funds	115,775,400	130,184,877	14,409,477
Partnerships	8,245,802	9,312,940	1,067,138
Other fixed income	<u>46,975</u>	<u>49,814</u>	<u>2,839</u>
	<u>\$ 215,218,006</u>	<u>\$ 271,746,879</u>	<u>\$ 56,528,873</u>
	<u>2023</u>		
Corporate stocks	\$ 47,655,983	\$ 82,740,312	\$ 35,084,329
U.S. & state government obligations	23,941,304	22,521,600	(1,419,704)
Corporate bonds and notes	11,231,690	10,832,079	(399,611)
Mutual funds	95,086,717	112,506,092	17,419,375
Partnerships	8,939,757	9,830,680	890,923
Other fixed income	<u>996,975</u>	<u>975,679</u>	<u>(21,296)</u>
	<u>\$ 187,852,426</u>	<u>\$ 239,406,442</u>	<u>\$ 51,554,016</u>

Investments in partnerships which the Foundation intends to hold for greater than one year and for which there may be restrictions on redemption are classified as noncurrent. Total investments as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Marketable securities - current	\$ 206,972,204	\$ 178,912,669
Investments in partnerships - noncurrent	<u>8,245,802</u>	<u>8,939,757</u>
	<u>\$ 215,218,006</u>	<u>\$ 187,852,426</u>

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(5) Accounts Receivable**

The Foundation has non-current receivables from the LID, MMD, and MUD 207 and 237, of which it is a member. Several major property owners in the area, including the Foundation, decided to fund a levee and provide other land improvements in order to better protect their land. Those funding the LID, MUD 207 and 237, and MMD expect to be reimbursed through bond issuances as the area develops. The Foundation also has non-current receivables from cooperatives of which they are members. Accounts receivable, non-current consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Fort Bend County Municipal Utility District #207	\$ 20,811,568	\$ 19,287,542
Levee Improvement District #6	929,816	929,816
Fort Bend County MUD #237 director notes receivable	200,000	-
Fort Bend County Municipal Utility District #237	116,973	63,382
Fort Bend County Management District #3	37,453	29,995
Fairchild Farmers Cooperative Gin	6,781	9,539
Plains Cotton Cooperative Association	2,403	2,808
	<u>\$ 22,104,994</u>	<u>\$ 20,323,082</u>

**(6) Organizational and Lease Acquisition Costs**

Berry Place Ventures Management, LLC and Berry Place Ventures, LP ("BPV LP") were formed on June 6, 2014. Berry Place Holdings, LP was formed on October 31, 2014. These special purpose entities were formed to hold land associated with the Berry Tract ("Circle Oak") owned by the Foundation for investment. Organizational costs associated with these entities are amortized over 15 years beginning when the entity commences operations. BPV LP holds a 50-year land lease to a major grocery chain. The costs associated with acquiring the lease were capitalized and amortized over the life of the lease. Organizational and lease acquisition costs as of December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	Accumulated		
	<u>Cost</u>	<u>Amortization</u>	<u>Net</u>	
Organizational costs	\$ 16,675	\$ 5,670	\$ 11,005	
Lease acquisition costs	534,919	85,587	449,332	
	<u>\$ 551,594</u>	<u>\$ 91,257</u>	<u>\$ 460,337</u>	
		Accumulated		
	<u>2023</u>	<u>Cost</u>	<u>Amortization</u>	<u>Net</u>
Organizational costs		\$ 16,675	\$ 5,026	\$ 11,649
Lease acquisition costs		534,919	74,889	460,030
		<u>\$ 551,594</u>	<u>\$ 79,915</u>	<u>\$ 471,679</u>

Amortization expense was \$11,342 and \$11,342 for the years ending December 31, 2024 and 2023, respectively.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(7) Capital Assets Used in Operations and Designated for Charitable Use**

Capital assets at December 31, 2024 and 2023 consist of the following:

<u>2024</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Office buildings and equipment	\$ 789,521	\$ 453,769	\$ 335,752
Farm buildings and equipment	2,279,562	2,022,022	257,540
Real estate properties	30,044,526	-	30,044,526
Land and building improvements	241,654	-	241,654
Property, improvements, and equipment	<u>\$ 33,355,263</u>	<u>\$ 2,475,791</u>	<u>\$ 30,879,472</u>
Grant buildings and equipment	\$ 930,667	\$ 504,025	\$ 426,642
Collection	851,368	-	851,368
Park buildings and project costs	29,611,157	18,244,128	11,367,029
Charitable use and grant related capital assets	<u>\$ 31,393,192</u>	<u>\$ 18,748,153</u>	<u>\$ 12,645,039</u>
<u>2023</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Office buildings and equipment	\$ 786,492	\$ 422,013	\$ 364,479
Farm buildings and equipment	2,286,865	2,006,501	280,364
Real estate properties	31,327,323	-	31,327,323
Property, improvements, and equipment	<u>\$ 34,400,680</u>	<u>\$ 2,428,514</u>	<u>\$ 31,972,166</u>
Grant buildings and equipment	\$ 954,548	\$ 498,852	\$ 455,696
Collection	851,368	-	851,368
Park buildings and project costs	28,419,812	17,614,441	10,805,371
Charitable use and grant related capital assets	<u>\$ 30,225,728</u>	<u>\$ 18,113,293</u>	<u>\$ 12,112,435</u>

Depreciation expense was \$737,402 and \$548,520 for the years ending December 31, 2024 and 2023, respectively.

**(8) Oil and Gas Properties**

Oil and gas properties at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cost	\$ 4,028,827	\$ 4,028,827
Accumulated depletion	<u>(3,969,854)</u>	<u>(3,969,854)</u>
	<u>\$ 58,973</u>	<u>\$ 58,973</u>

There was no depletion expense for the periods ending December 31, 2024 and 2023, respectively.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(9) Grant Payments and Refunds**

In 2024 and 2023, grant payments totaled \$18,606,592 and \$19,018,722, respectively. Grant refunds are recorded as other income. Grant refunds of \$170,606 and \$120,344 were received in 2024 and 2023.

**(10) Net Realized Gain on Investments**

Net realized gains on the sales of investments for the periods ending December 31, 2024 and 2023 are presented as follows:

	<u>2024</u>	<u>2023</u>
Proceeds	\$ 66,389,684	\$ 61,847,897
Cost of securities sold	<u>(60,139,589)</u>	<u>(57,196,591)</u>
Net realized gains on investments	<u>\$ 6,250,095</u>	<u>\$ 4,651,306</u>

**(11) Gain on Sale of Assets**

The gain on the sale of land and other fixed assets for 2024 and 2023 is composed of the following:

	<u>2024</u>	<u>2023</u>
Cash proceeds, net of closing costs	\$ 50,672,563	\$ 3,702,124
Net cost of assets sold	<u>(1,369,990)</u>	<u>(524,078)</u>
	<u>\$ 49,302,573</u>	<u>\$ 3,178,046</u>

**(12) Commitments and Contingencies**

The Board of Trustees of the Foundation has approved unpaid conditional and unconditional grants as of December 31, 2024 totaling \$7,968,147 presented as follows and payable over the following years:

Expected year of payment	
2025	\$ 5,001,778
2026	1,966,369
2027	580,000
2028	80,000
2027	<u>340,000</u>
	<u>\$ 7,968,147</u>

As of December 31, 2024, the Foundation has outstanding commitments to contribute \$1,740,000 to its partnership investment in Oaktree Capital Management, LP and \$1,600,000 to its partnership investment in Golub Capital BDC 4, Inc.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(13) Expenses**

Total expenses in 2024 and 2023 are categorized as follows:

<u>2024</u>	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
Grants	\$ 18,606,592	\$ -	\$ 18,606,592
George Ranch Historical Park operations	2,077,837	-	2,077,837
Compensation - officers & directors	342,470	281,030	623,500
Salaries and wages	787,416	231,709	1,019,125
Employee benefits	135,137	124,532	259,669
Legal fees	42,306	241,181	283,487
Accounting fees	34,380	22,920	57,300
Other professional fees	22,186	387,362	409,548
Ad valorem taxes	19,591	400,374	419,965
Payroll taxes	56,295	30,313	86,608
Foreign taxes	-	865	865
State taxes	-	8,521	8,521
Federal excise taxes	-	771,834	771,834
Occupancy	53,926	23,111	77,037
Depreciation	673,276	64,126	737,402
Amortization	-	11,342	11,342
Travel, conferences, and meetings	3,685	410	4,095
Insurance	107,495	24,195	131,690
Rental expenses	-	401,805	401,805
Office expenses	31,236	32,780	64,016
Grant-related expenses	184,349	-	184,349
Trustee expenses	5,285	2,265	7,550
Other expenses	8,931	11,551	20,482
Total functional expenses	<u>23,192,393</u>	<u>3,072,226</u>	<u>26,264,619</u>
Investment expenses	-	1,007,495	1,007,495
Total expenses	<u>\$ 23,192,393</u>	<u>\$ 4,079,721</u>	<u>\$ 27,272,114</u>

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(13) Expenses (Continued)**

<u>2023</u>	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
Grants	\$ 19,018,722	\$ -	\$ 19,018,722
George Ranch Historical Park operations	2,092,199	-	2,092,199
Compensation - officers & directors	320,195	261,155	581,350
Salaries and wages	709,159	233,049	942,208
Employee benefits	139,396	120,908	260,304
Legal fees	140,359	156,029	296,388
Accounting fees	29,700	19,800	49,500
Other professional fees	22,037	429,723	451,760
Ad valorem taxes	20,951	92,051	113,002
Payroll taxes	52,718	28,387	81,105
Foreign taxes	-	3,845	3,845
State taxes	-	15,694	15,694
Federal excise taxes	-	353,000	353,000
Occupancy	60,505	25,931	86,436
Depreciation	485,195	63,325	548,520
Amortization	-	11,342	11,342
Travel, conferences, and meetings	10,852	1,206	12,058
Insurance	91,318	30,190	121,508
Rental expenses	-	296,084	296,084
Office expenses	28,856	40,646	69,502
Grant-related expenses	391,924	-	391,924
Trustee expenses	5,828	2,499	8,327
Other expenses	<u>15,042</u>	<u>27,067</u>	<u>42,109</u>
Total functional expenses	23,634,956	2,211,931	25,846,887
Investment expenses	<u>-</u>	<u>900,858</u>	<u>900,858</u>
Total expenses	<u>\$ 23,634,956</u>	<u>\$ 3,112,789</u>	<u>\$ 26,747,745</u>

**(14) Financial Instruments, Concentrations and Credit Risk**

At December 31, 2024 and 2023, the Foundation's financial instruments included cash, investments, and receivables. The financial instruments are stated at cost in accordance with the federal excise tax basis of accounting.

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of investments held in brokerage accounts with professional investment managers investing the funds, direct investments in investment partnerships, and reimbursement receivables from MUD and LID entities.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(14) Financial Instruments, Concentrations and Credit Risk (Continued)**

To manage its level of exposure with regard to investments, the Foundation utilizes the services of an investment advisor who evaluates the investment managers, provides quarterly reviews of portfolio performance, and monitors compliance with the Foundation's investment policies.

The Foundation, at various times in the ordinary course of business, maintains cash in demand deposit accounts in excess of federally insured limits.

**(15) Related Party Transactions**

The Foundation paid director fees to the members of the Board totaling \$153,600 and \$147,600 in 2024 and 2023.

During 2024 and 2023, the Foundation made grant payments of \$325,531 and \$173,500, respectively, to Child Advocates of Fort Bend. A member of the Foundation's Board is an officer and employee of this grantee organization.

During 2024 and 2023, the Foundation made grant payments of \$706,822 and \$50,000, respectively, to The Historical George Ranch Association, ("HGRA"). Furthermore, in 2023, the Foundation authorized a total of \$2,205,000 in grants to be paid over the following three years, of which \$1,498,178 is still outstanding as of December 31, 2024. HGRA is a separate public charity established in 2023 to manage the Foundation's George Ranch Historical Park. The Foundation's Chief Executive Officer serves as one of the initial directors of HGRA.

A member of the Foundation's Board is an officer of Amegy Bank, where the Foundation maintains bank accounts.

**(16) Changes in Net Assets**

In 2024 and 2023, the Foundation granted real property with a fair market value in excess of its cost basis of \$1,207,053 and \$277,506, respectively, to certain grantees. The excess of fair market value over cost basis was recorded directly as an increase to net assets in accordance with the federal excise tax basis of accounting. Furthermore, in 2024 and 2023, the Foundation wrote off the net book value of the old George Ranch Historical Park visitor center, modular visitor center, and phone system: charitable assets with a carrying value of \$82,962 and \$279,356, respectively. The undepreciated value of these charitable assets which were written off was recorded directly as a decrease to net assets in accordance with the federal excise tax basis of accounting.

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(17) Leasing Activities**

The Foundation leases certain land to a third parties. The leases do not transfer ownership of the underlying land to the lessees or include options to purchase the leased land. The Foundation's leases are classified as operating leases. At lease inception, the Foundation determines whether an arrangement qualifies as a lease, in that it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Foundation only reassesses if the terms and conditions of the lease contract are changed.

Most of the ground leases are for periods of twelve months or less. One lease, which was entered into during 2018, is for a period of fifty years. The land leased under the fifty year lease is carried on the books at a tax basis of \$6,093,240.

The fifty year lease agreement includes a provision to adjust rental payments for inflation and other factors at certain intervals during the lease term. Future lease payments to be received under the non-cancelable operating lease for the next five years and for the remaining period until the rental adjustment date are as follows:

Year ending December 31,	
2025	\$ 545,425
2026	552,243
2027	559,146
2028	566,135
2029	573,213
2030-2037	<u>4,851,314</u>
	<u>\$ 7,647,476</u>

The Foundation also leases grazing land with a tax basis of \$1,270,272 under a two-year lease, which terminates in October 2025, and land and building with a tax basis of \$454,096 under a lease which terminates February 2030. Future lease payments to be received under the non-cancelable operating leases are as follows:

Year ending December 31,	
2025	\$ 96,375
2026	44,805
2027	46,149
2028	47,534
2029	48,957
Thereafter	<u>8,405</u>
	<u>\$ 292,225</u>

THE GEORGE FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2024 and 2023

**(18) Subsequent Events**

The Foundation has evaluated subsequent events through August 26, 2025, the date which the financial statements were available to be issued. As of August 26, 2025, there were no subsequent events requiring further disclosure.