THE GEORGE FOUNDATION

CONSOLIDATED

FINANCIAL STATEMENTS

December 31, 2025

INDEX

INDEPENDENT AUDITOR'S REPORT -- Page 1

CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – FEDERAL EXCISE TAX BASIS --- 3

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS – FEDERAL EXCISE TAX BASIS ---------------------------- 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -------------------------------- 5

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, 2025 and 2024, 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, 2025 and 2024, 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.

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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, which 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 25, 2026

THE GEORGE FOUNDATION
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – FEDERAL EXCISE TAX BASIS
December 31, 2025 and 2024

ASSETS

	2025	2024
Current:		
Cash and cash equivalents	$ 15,964,194	$ 23,002,607
Marketable securities (Note 4)	240,001,154	206,972,204
Other current assets	7,195	14,494
Total current assets	255,972,543	229,989,305
Accounts & notes receivable, non-current (Note 5)	12,668,505	22,104,994
Investments in partnerships, noncurrent (Note 4)	7,983,988	8,245,802
Property, improvements, and equipment, net (Note 7)	31,371,941	30,879,472
Charitable use and grant related capital assets, net (Note 7)	12,643,607	12,645,039
Organizational and lease acquisition costs, net (Note 6)	448,995	460,337
Oil and gas properties, net (Note 8)	58,973	58,973
Total assets	$ 321,148,552	$ 304,383,922

LIABILITIES AND NET ASSETS

	2025	2024
Current:		
Accounts payable	$ 11,659	$ 12,315
Total current liabilities	11,659	12,315
Deposits and other liabilities	209,065	204,065
Total liabilities	220,724	216,380
Commitments and contingencies (Note 12)		
Net assets:		
Unrestricted net assets	320,927,828	304,167,542
Total liabilities and net assets	$ 321,148,552	$ 304,383,922

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, 2025 and 2024

	2025	2024
Changes in unrestricted net assets:		
Revenue and gains:		
Oil and gas royalties	$ 750,960	$ 1,148,428
Rental income	1,744,806	1,561,711
Dividends (Note 3)	3,519,697	3,050,464
Interest (Note 3)	5,314,958	4,013,733
Capital gain distributions (Note 3)	7,431,362	5,773,880
Net realized gain on investments (Notes 3 & 10)	23,552,007	6,250,095
Gain (loss) on sale of assets (Note 11)	209,267	49,302,573
Other investment income (loss) (Note 3)	(44,499)	(730,052)
Other income (Note 9)	62,162	195,950
	42,540,720	70,566,782
Expenses: (Note 13)		
Grants (Note 9)	17,481,838	18,606,592
General and administrative expenses	3,533,729	3,631,127
George Ranch Historical Park operating expenses	2,210,585	2,077,837
Investment expenses (Note 3)	1,056,751	1,007,495
Federal excise tax expense	345,000	771,834
Ad valorem taxes	327,855	428,485
Depreciation - George Ranch Historical Park (Note 7)	707,218	640,752
Depreciation - other than George Ranch Historical Park (Note 7)	103,705	96,650
Amortization (Note 6)	11,342	11,342
	25,778,023	27,272,114
Increase (decrease) in unrestricted net assets	16,762,697	43,294,668
Net assets at beginning of year	304,167,542	259,748,783
Fair market value of grants in excess of cost (Note 16)	-	1,207,053
Charitable use assets written off (Note 16)	(2,411)	(82,962)
Net assets at end of year	$ 320,927,828	$ 304,167,542

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

(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, 2025, the Foundation has $255,972,543 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, 2025 and 2024.

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

(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, 2025 and 2024 expenditures in the amounts of $738,462 and $1,309,771, respectively, have been capitalized as project costs and the expenditures of $2,210,585 and $2,077,837, respectively, have been expensed.

Collections
The Foundation has a collection of historical memorabilia on display at the George Ranch Historical Park. Collection items are recorded at cost, and not subject to depreciation. Collection items are protected, kept unencumbered, cared for, and preserved. 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 21 who have completed one year of service. Effective January 1, 2026, the eligibility requirements were changed to include all employees over age 18 who have completed 90 days 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 2025 and 2024 were $49,796 and $45,775, 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 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, 2025 and 2024

(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 2025 and 2024, the Foundation contributed $158,252 and $320,509, respectively, to the plan. The Foundation anticipates making contributions of $154,756 in 2026.

Benefit payments of $232,532 and $232,269 and were made for the years ended December 31, 2025 and 2024, respectively. The Foundation expects the plan to pay benefit payments of no less than $232,532 for 2026 and the following four years.

The defined-benefit pension plan is funded in sufficient amounts to meet the minimum requirements of the Employee Retirement Income Security Act of 1974. As of January 1, 2026, the date of the latest actuarial valuation, the Adjusted Funding Target Attainment Percentage, as defined by the Pension Protection Act of 2006, for 2025 and 2024 was 99.60% and 97.34%, respectively. As of December 31, 2025 and 2024, the market value of plan assets was $5,651,138 and $4,972,058, respectively. The accumulated benefit obligation as of January 1, 2026, was $5,276,767.

The plan assets are composed of the following as of December 31, 2025 and 2024:

FMV of Plan assets	2025	2024
Cash	$ 19,388	$ 19,390
Mutual funds (Level 1)	5,631,750	4,952,668
	$ 5,651,138	$ 4,972,058

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, 2025:

Discount rate	5.38%
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.

(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, 2025 and 2024 was $345,000 and $771,834, 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 2025 and 2024.

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 2025.

(3) Return on Investments

Return on investments for 2025 and 2024 consists of the following:

	2025	2024
Dividends and interest	$ 8,834,655	$ 7,064,197
Capital gain distributions	7,431,362	5,773,880
Net realized gain on investments	23,552,007	6,250,095
Other investment income (loss)	(44,499)	(730,052)
Less: investment expenses	(1,056,751)	(1,007,495)
	$ 38,716,774	$ 17,350,625

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

(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, 2025 and 2024 are summarized as follows:

2025	Cost	Market Value	Unrealized Gain (Loss)
Corporate stocks	$ 40,625,374	$ 67,421,521	$ 26,796,147
U.S. & state government obligations	11,142,760	11,199,836	57,076
Corporate bonds and notes	9,787,261	9,767,034	(20,227)
Mutual funds	178,445,759	201,656,839	23,211,080
Partnerships	7,983,988	9,078,012	1,094,024
	$ 247,985,142	$ 299,123,242	$ 51,138,100
2024			
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	46,975	49,814	2,839
	$ 215,218,006	$ 271,746,879	$ 56,528,873

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, 2025 and 2024 are as follows:

	2025	2024
Marketable securities - current	$ 240,001,154	$ 206,972,204
Investments in partnerships - noncurrent	7,983,988	8,245,802
	$ 247,985,142	$ 215,218,006

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

(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, 2025 and 2024:

	2025	2024
Fort Bend County Municipal Utility District #207	$ 12,007,778	$ 20,811,568
Levee Improvement District #6	298,196	929,816
Fort Bend County MUD #237 director notes receivable	200,000	200,000
Fort Bend County Municipal Utility District #237	122,411	116,973
Fort Bend County Management District #3	37,711	37,453
Fairchild Farmers Cooperative Gin	92	6,781
Plains Cotton Cooperative Association	2,317	2,403
	$ 12,668,505	$ 22,104,994

(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, 2025 and 2024 consist of the following:

2025	Cost	Accumulated Amortization	Net
Organizational costs	$ 16,675	$ 6,314	$ 10,361
Lease acquisition costs	534,919	96,285	438,634
	$ 551,594	$ 102,599	$ 448,995

2024	Cost	Accumulated Amortization	Net
Organizational costs	$ 16,675	$ 5,670	$ 11,005
Lease acquisition costs	534,919	85,587	449,332
	$ 551,594	$ 91,257	$ 460,337

Amortization expense was $11,342 for the years ending December 31, 2025 and 2024.

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

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

Capital assets at December 31, 2025 and 2024 consist of the following:

2025	Cost	Accumulated Depreciation	Net
Office buildings and equipment	$ 798,061	$ 484,444	$ 313,617
Farm buildings and equipment	2,412,297	2,062,517	349,780
Real estate properties	30,237,934	-	30,237,934
Land and building improvements	470,610	-	470,610
Property, improvements, and equipment	$ 33,918,902	$ 2,546,961	$ 31,371,941
Grant buildings and equipment	$ 932,937	$ 536,560	$ 396,377
Collection	851,368	-	851,368
Park buildings and project costs	30,234,654	18,838,792	11,395,862
Charitable use and grant related capital assets	$ 32,018,959	$ 19,375,352	$ 12,643,607

2024	Cost	Accumulated Depreciation	Net
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	$ 33,355,263	$ 2,475,791	$ 30,879,472
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	$ 31,393,192	$ 18,748,153	$ 12,645,039

Depreciation expense was $810,923 and $737,402 for the years ending December 31, 2025 and 2024, respectively.

(8) Oil and Gas Properties

Oil and gas properties at December 31, 2025 and 2024 consist of the following:

	2025	2024
Cost	$ 4,028,827	$ 4,028,827
Accumulated depletion	(3,969,854)	(3,969,854)
	$ 58,973	$ 58,973

There was no depletion expense for the periods ending December 31, 2025 and 2024, respectively.

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

(9) Grant Payments and Refunds

In 2025 and 2024, grant payments totaled $17,481,838 and $18,606,592, respectively. Grant refunds are recorded as other income. Grant refunds of $39,844 and $170,606 were received in 2025 and 2024.

(10) Net Realized Gain on Investments

Net realized gains on the sales of investments for the periods ending December 31, 2025 and 2024 are presented as follows:

	2025	2024
Proceeds	$ 100,901,946	$ 66,389,684
Cost of securities sold	(77,349,939)	(60,139,589)
Net realized gains on investments	$ 23,552,007	$ 6,250,095

(11) Gain on Sale of Assets

The gain on the sale of land and other fixed assets for 2025 and 2024 is composed of the following:

	2025	2024
Cash proceeds, net of closing costs	$ 210,368	$ 50,672,563
Net cost of assets sold	(1,101)	(1,369,990)
	$ 209,267	$ 49,302,573

(12) Commitments and Contingencies

The Board of Trustees of the Foundation has approved unpaid unconditional grants as of December 31, 2025 totaling $23,122,747 presented as follows and payable over the following years:

Expected year of payment	
2026	$ 10,940,132
2027	5,837,021
2028	5,095,594
2029	990,000
2030	80,000
Thereafter	180,000
	$ 23,122,747

As of December 31, 2025, the Foundation has outstanding commitments to contribute $1,740,000 to its partnership investment in Oaktree Capital Management, LP and $75,000 to its partnership investment in Golub Capital BDC 4, Inc.

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

(13) Expenses

Total expenses in 2025 and 2024 are categorized as follows:

2025	Program	Administrative	Total
Grants	$ 17,481,838	$ -	$ 17,481,838
George Ranch Historical Park operations	2,210,585	-	2,210,585
Compensation - officers & directors	354,200	291,800	646,000
Salaries and wages	894,567	295,263	1,189,830
Employee benefits	97,177	102,628	199,805
Legal fees	53,787	171,401	225,188
Accounting fees	37,020	24,680	61,700
Other professional fees	30,839	184,701	215,540
Ad valorem taxes	19,011	308,845	327,856
Payroll taxes	62,655	33,737	96,392
Foreign taxes	-	1,547	1,547
Federal excise taxes	-	345,000	345,000
Occupancy	59,457	25,482	84,939
Depreciation	739,753	71,170	810,923
Amortization	-	11,342	11,342
Travel, conferences, and meetings	7,097	788	7,885
Insurance	117,666	25,459	143,125
Rental expenses	-	353,951	353,951
Office expenses	35,165	39,771	74,936
Grant-related expenses	175,786	-	175,786
Trustee expenses	8,220	3,523	11,743
Other expenses	9,550	35,811	45,361
Total functional expenses	22,394,373	2,326,899	24,721,272
Investment expenses	-	1,056,751	1,056,751
Total expenses	$ 22,394,373	$ 3,383,650	$ 25,778,023

THE GEORGE FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2025 and 2024

(13) Expenses (Continued)

2024	Program	Administrative	Total
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	23,192,393	3,072,226	26,264,619
Investment expenses	-	1,007,495	1,007,495
Total expenses	$ 23,192,393	$ 4,079,721	$ 27,272,114

(14) Financial Instruments, Concentrations and Credit Risk

At December 31, 2025 and 2024, 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.

(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 $156,000 and $153,600 in 2025 and 2024.

Grants to related parties are approved by the Foundation's Board of Trustees in accordance with its written conflict-of-interest policy. The Foundation has a conflict-of- interest policy to identify conflicts or possible conflicts and ensure transparency among all Trustees and executive leadership. The Foundation also has a conflict-of-interest procedure that is invoked when a conflict or possible conflict exists for a grant deliberation and Trustee vote. The conflict-of-interest procedure also applies to any business-related matters. The Chief Executive Officer does not vote on any grant decisions per Foundation bylaws.

During 2025 and 2024, the Foundation made grant payments of $137,946 and $325,531, respectively, to Child Advocates of Fort Bend. A member of the Foundation's Board is an officer and employee of this grantee organization.

During 2025 and 2024, the Foundation made grant payments of $738,790 and $706,822, 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 $753,750 is still outstanding as of December 31, 2025. 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, the Foundation granted real property with a fair market value in excess of its cost basis of $1,207,053 to certain grantees. The excess of fair market value over cost was recorded directly as an increase to net assets in accordance with the federal excise tax basis of accounting.

In 2025, the Foundation wrote off $2,411 of charitable assets for the net book value of the old George Ranch Historical Park arena sound system, compressor, and roof. In 2024, The Foundation wrote off $82,962 of charitable assets for the net book value of the old George Ranch Historical Park modular visitor center. 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.

(17) Leasing Activities

The Foundation leases certain land to 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,	
2026	$ 552,243
2027	559,146
2028	566,135
2029	573,213
2030	580,378
2031-2037	4,270,935
	$ 7,102,050

The Foundation also leases grazing land with a tax basis of $1,270,272 under a lease which terminates in October 2027, and land and building with a tax basis of $454,096 under a lease which terminates in February 2030. All other leases extended by the Foundation are defined as short-term leases. Future lease payments to be received under the non-cancelable operating leases are as follows:

Year ending December 31,	
2026	$ 116,955
2027	106,274
2028	47,534
2029	48,957
2030	8,405
	$ 328,125

(18) Subsequent Events

The Foundation has evaluated subsequent events through August 25, 2026, the date which the financial statements were available to be issued. As of August 25, 2026, there were no subsequent events requiring further disclosure.