KPMG

BILL & MELINDA GATES FOUNDATION

Consolidated Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

The Trustees
Bill & Melinda Gates Foundation:

Opinion

We have audited the consolidated financial statements of Bill & Melinda Gates Foundation and its subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years 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 the Foundation as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

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 U.S. generally accepted accounting principles, 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 the Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

KPMG LLP

Seattle, Washington
May 23, 2024

BILL & MELINDA GATES FOUNDATION

Consolidated Statements of Financial Position

December 31, 2023 and 2022

(In thousands)

Assets		2023	2022
Cash	$	194,354	173,396
Prepaid expenses and other assets		195,185	93,040
Beneficial interest in the net assets of Bill & Melinda Gates Foundation Trust (the Trust) (notes 3 and 4)		75,225,846	67,331,210
Program-related investment assets, net (note 6)		934,431	788,693
Property and equipment, net (note 7)		571,323	583,171
Operating lease right-of-use assets (note 12)		49,868	53,626
Total assets	$	77,171,007	69,023,136
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	53,628	39,025
Accrued and other liabilities		112,178	74,681
Operating lease liabilities (note 12)		59,589	61,409
Grants payable, net (note 9)		5,395,218	5,015,006
Program-related investment liabilities (note 6)		259,399	44,825
Total liabilities		5,880,012	5,234,946
Net assets:			
Without donor restrictions		71,176,971	63,768,326
With donor purpose restrictions		114,024	19,864
Total net assets		71,290,995	63,788,190
Total liabilities and net assets	$	77,171,007	69,023,136

See accompanying notes to consolidated financial statements.

BILL & MELINDA GATES FOUNDATION

Consolidated Statements of Activities

Years ended December 31, 2023 and 2022

(In thousands)

		2023	2022
Change in net assets without donor restrictions:			
Revenues and gains:			
Contributions and other income	$	54,535	37,031
Programmatic investment (losses) income, net (note 2f)		(69,806)	63,649
Net assets released from restriction		35,069	48,996
Total revenues and net gains		19,798	149,676
Expenses (note 8):			
Global programs		6,849,571	6,066,508
U.S. program		735,214	800,991
Other charitable programs		249,048	181,243
Programmatic support		68,130	55,015
Total program expenses		7,901,963	7,103,757
Management and general expenses		355,026	320,785
Total expenses		8,256,989	7,424,542
Change in net assets without donor restrictions, before beneficial interest		(8,237,191)	(7,274,866)
Impact of beneficial interest in the Trust:			
Contributions from the Trust (note 3)		7,751,200	6,806,925
Change in net assets of the Trust (notes 3 and 4)		7,894,636	14,073,146
Total impact of beneficial interest		15,645,836	20,880,071
Change in net assets without donor restrictions		7,408,645	13,605,205
Change in net assets with donor purpose restrictions:			
Contributions		129,229	10,937
Net assets released from restriction		(35,069)	(48,996)
Change in net assets with donor purpose restrictions		94,160	(38,059)
Change in total net assets		7,502,805	13,567,146
Net assets, beginning of year		63,788,190	50,221,044
Net assets, end of year	$	71,290,995	63,788,190

See accompanying notes to consolidated financial statements.

BILL & MELINDA GATES FOUNDATION

Consolidated Statements of Cash Flows

Years ended December 31, 2023 and 2022

(In thousands)

		2023	2022
Cash flows from operating activities:			
Cash received:			
Contributions from the Trust	$	7,751,200	6,806,925
Contributions from donors, without restrictions		61,735	29,260
Contributions from donors, with restrictions		11,954	17,337
Other cash received		58,095	36,138
Cash paid:			
Grants		(6,093,223)	(5,633,314)
Direct charitable support		(746,167)	(583,067)
Compensation and benefits		(636,089)	(558,486)
Other expenses		(332,721)	(303,983)
Excise taxes refunded (paid)		83	(3,405)
Net cash provided by (used in) operating activities		74,867	(192,595)
Cash flows from investing activities:			
Cash received:			
Proceeds from sale and maturities of program-related investments		106,297	410,842
Cash paid:			
Funding of program-related investments		(131,897)	(167,576)
Purchases of property and equipment		(28,309)	(22,696)
Net cash (used in) provided by investing activities		(53,909)	220,570
Net increase in cash		20,958	27,975
Cash, beginning of year		173,396	145,421
Cash, end of year	$	194,354	173,396

See accompanying notes to consolidated financial statements.

(1) Organization

Bill & Melinda Gates Foundation (the Foundation) is a tax-exempt private foundation that works to reduce inequity across the globe. In developing countries, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people – especially those with the fewest resources – have access to the opportunities they need to succeed in school and life.

(a) Strategic Priorities

(i) Global Programs

The Foundation works with grantees and partner organizations to address critical health and development priorities – from infectious disease to agricultural development and financial services – to benefit the world's poorest people. The Foundation invests in advances in research and development as well as innovative approaches to delivering interventions to solve some of the challenges that prevent people in the poorest countries from thriving.

Gates Philanthropy Partners (GPP), a 501(c)(3) public charity, was formed for the purpose of providing donors with a cost-effective, efficient vehicle to co-fund with the Foundation in high impact global health, development, gender equality and U.S. programs. As the Foundation is the single member of GPP, its financial statements have been consolidated with the accompanying consolidated financial statements.

Bill & Melinda Gates Medical Research Institute (Gates MRI), a nonprofit medical research organization co-located in Boston and Seattle, was formed for the purpose of researching and developing medical interventions for diseases and disorders that disproportionately impact the poor in low and middle-income countries. As the Foundation is the single member of Gates MRI, its financial statements have been consolidated with the accompanying consolidated financial statements.

Bill & Melinda Gates Agricultural Innovations (Gates Ag One), a nonprofit limited liability company located in the St. Louis metropolitan area, was formed to accelerate the development of innovations supported by the Foundation's Agricultural Development team. It works with diverse partners to enable the advancement of resilient, yield enhancing seeds and traits globally. As the Foundation is the single member of Gates Ag One, its financial statements have been consolidated with the accompanying consolidated financial statements.

(ii) U.S. Program

In the United States, the primary focus is on ensuring that all students – especially Black, Latino, and low-income students – have an opportunity to earn a degree or credential that prepares them for a successful career and life. The program seeks to increase access to better information and tools needed to tackle barriers to opportunity and to develop economic mobility strategies at the community, state and national levels, particularly in Washington State, where the Gates family has lived for generations and where the Foundation is based.

The Foundation is organized as a charitable trust, and operates in Seattle, Washington with regional offices in Washington, D.C.; Beijing, China; London, U.K.; Addis Ababa, Ethiopia; Abuja, Nigeria; Johannesburg, South Africa; New Delhi, India; and Berlin, Germany. The Foundation's Trustees are Bill Gates and Melinda French Gates. The Foundation has a board (the "Board") which provides strategic oversight and expertise in steering the Foundation in furthering its mission. The Board is comprised of the Trustees, the CEO and five independent members. On May 13, 2024, Melinda French Gates announced her intention to resign as a Trustee of the Foundation.

The Foundation is funded by grants received from Bill & Melinda Gates Foundation Trust (the Trust) as explained in note 3, *Related Parties*. The primary role of the Trust is to manage the investment assets and fund the Foundation, as necessary, to achieve the Foundation's charitable goals.

(2) Summary of Significant Accounting Policies

(a) Basis of Financial Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of its wholly owned subsidiaries GPP, Gates MRI, and Gates Ag One. All significant intercompany transactions and balances have been eliminated in consolidation.

The Foundation recognizes unconditional promises to give as revenue in the period received. Contributions with associated conditions are recorded as revenue when the conditions are met. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2023 and 2022, certain of the Foundation's net assets are classified as with donor-imposed restrictions. These amounts represent contributions that are limited in use in accordance with donor purpose restrictions.

(b) Cash

Cash consists of U.S. and foreign currencies.

(c) Program-Related Investments (PRIs)

The Foundation makes PRIs in other organizations to achieve charitable purposes in alignment with the Foundation's strategies. These investments are primarily comprised of loans, equity investments and guarantees.

Loan PRIs consist of loans outstanding bearing a below-market interest rate in either a senior or subordinated position. Loans are measured at fair value at inception to determine if a contribution element exists. Loans are recorded on a net basis to reflect a discount on loan receivable (if a contribution element exists) and a reasonable loss reserve. The loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed based on the Foundation's understanding of the borrower's financial health, current market conditions, and payment history.

Equity PRIs include both direct investments and investments in equity funds. Equity investments are recorded using one of the following methods of accounting: fair value, equity, or the measurement alternative, depending on the facts and circumstances of the agreement. To arrive at the recorded values under the fair value method, the Foundation utilizes readily determinable fair values, practical expedients, or industry benchmarks to estimate fair value. The practical expedient used by the Foundation to value certain PRI equity funds is the Net Asset Value (NAV). In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

Under the equity method, the Foundation obtains regular valuations as well as audited financial statements to determine the adjustment required to revalue its share of gains and losses on its investments.

The measurement alternative is used for certain equity investments without a readily determinable fair value that do not qualify for the equity method. Under this method, the Foundation recognizes the cost of its investment as an asset, adjusts for any changes resulting from observable price changes for identical or similar investments of the same issuer, and evaluates the investment annually for impairment.

The Foundation records unrealized gains or losses throughout the life of equity investments and realized gains or losses upon liquidation or sale, which are included within programmatic income, net on the consolidated statements of activities.

Guarantees liabilities are recorded at fair value at inception for the non-contingent obligation assumed. The fair value portion of the liability is reduced over the life of the guarantee using a systematic and rational method. Under U.S. GAAP the fair value of a guarantee at inception is the premium received or net present value of the receivable by the guarantor.

For financial guarantees the expected contingent obligation is recognized in addition to the non-contingent obligation based on expected probable credit losses.

Non-financial procurement backstop and volume guarantees are recorded at the greater of the contingent obligations that are recognized when the liability becomes probable and reasonably estimated or the carrying amount of the non-contingent liability determined at inception.

(d) Fair Value

The Foundation applies fair value accounting for all financial assets and liabilities that are recognized at fair value in the consolidated financial statements. In determining the fair value of PRIs, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date

(In thousands)

Level 2 Inputs: Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly

Level 3 Inputs: Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment

(e) Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets or amortized over the terms of the respective leases, as follows:

Computer hardware and software	3 years
Vehicles	5 years
Furniture and fixtures	7 years
Building components	3–30 years
Building	40 years
Leasehold improvements	Over the life of the lease or the estimated useful life of the asset, whichever is shorter

The Foundation annually reviews the property and equipment records for impairment of value and records any adjustments necessary to reflect material impacts in value.

(f) Programmatic Investment (Losses) Income, Net

Programmatic investment income, net is comprised of net realized and unrealized gains and losses on PRIs and interest income.

(g) Grant Expense

Grant expense is recognized in the period the grant is countersigned, provided the grant is not subject to future donor-imposed conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. On December 31, 2023 and 2022, grants payable were discounted using the year-end risk-free rate for each year grants were made, which ranged from 0.17% to 4.73%.

(h) Self-Insurance

The Foundation uses a combination of insurance and self-insurance mechanisms to provide for potential liabilities. Liabilities associated with the risks that are retained by the Foundation are not discounted and are estimated, in part, by considering historical claims experience and evaluations of outside experts, demographic factors, severity factors, and other actuarial assumptions. The estimated accrual for these liabilities could be affected if future occurrences and claims differ from these assumptions and historical trends. As of December 31, 2023 and 2022, the self-insurance liability, which is specific to employee healthcare benefits, was $6,537 and $5,262, respectively, and is included in accrued and other liabilities in the consolidated statements of financial position.

(i) Contributed Services

Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended December 31, 2023 and 2022, contributed services totaled $8,984 and $7,336, respectively, and are included in contributions and other income in the consolidated statements of activities. Contributed services are valued at the fair market rates parties paid for the services they donated.

(j) Contributions and Bequests from Unrelated Parties

The Foundation accepts contributions and bequests from unrelated parties. From time to time, the Foundation is notified that it has been named as the beneficiary in the estate of certain individuals under revocable agreements. Such amounts are recorded as contributions upon the passing of the donor and become irrevocable.

(k) Presentation of Expenses on the Consolidated Statements of Activities

The costs of providing support to the various programs and other activities have been allocated between global programs, U.S. program, other charitable programs, and programmatic support. Other administrative costs related to operational support and activities have been allocated to management and general expenses.

(l) Tax-Exempt Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code (IRS). The Foundation is subject to federal excise taxes.

(m) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of PRI guarantees, discounting the allowance for loan PRIs, and the valuation of equity PRI investments.

(n) Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which amends the accounting guidance on the impairment of financial instruments. The Accounting Standards Update adds an impairment model to U.S. GAAP known as current expected credit loss (CECL), which is based upon expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the Financial Accounting Standards Board believes will result in more timely recognition of such losses. The Accounting Standards Update is effective for annual periods beginning after December 15, 2022, for not-for-profit entities, with early adoption permissible. The Foundation adopted this guidance effective January 1, 2023 with no material impact to the consolidated financial statements.

(In thousands)

(3) Related Parties

The Foundation engages in charitable activities that are funded by a related party, the Trust. The Trust holds and manages investment assets, and makes grants to the Foundation as necessary, to carry out the Foundation’s charitable goals. Neither entity controls the other; however, they share the same Trustees. In 2023 and 2022, the Trust made grants to the Foundation totaling $7,751,200 and $6,806,925, respectively.

(4) Beneficial Interest in Net Assets of Bill & Melinda Gates Foundation Trust

The legal documents that formed the Trust obligate it to fund the Foundation in whatever dollar amounts are necessary to accomplish the Foundation’s charitable purposes without restriction. This means that the Foundation has the legal right to demand any amount, up to the full net assets of the Trust, to achieve the Foundation’s charitable goals. Because of the Foundation’s legal right to call upon the assets of the Trust, the consolidated financial statements for the Foundation reflect a $75,225,846 and $67,331,210 beneficial interest in the net assets of the Trust as of December 31, 2023 and 2022, respectively. That interest is adjusted annually to reflect the changes in the net assets of the Trust and amounts transferred to the Foundation during the reporting period.

The total changes in beneficial interest in the net assets of the Trust for the years ended December 31, 2023 and 2022 are summarized as follows:

		2023	2022
Beginning balance	$	67,331,210	53,258,064
Change in the net assets of the Trust before contributions to the Foundation		15,645,836	20,880,071
Trust contributions to the Foundation		(7,751,200)	(6,806,925)
Ending balance	$	75,225,846	67,331,210

(In thousands)

(5) Liquidity

The Foundation’s financial assets available to meet cash needs for general expenditures within one year of the dates of the statements of financial position include:

		2023	2022
Cash	$	194,354	173,396
Beneficial interest in the net assets of the Trust		75,225,846	67,331,210
Other financial assets, net		72,083	185,371
Available financial assets	$	75,492,283	67,689,977

The Foundation structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Foundation does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. The Foundation’s available financial assets exclude certain assets that the Foundation would not be able to liquidate within one year of the dates of the statements of financial position. As described in note 4, due to the Foundation’s legal right to call upon the net assets of the Trust, the beneficial interest in the net assets of the Trust has been included above as an available financial asset. All net assets of the Trust are considered available to meet cash needs for general expenditures within one year of the dates of the statements of financial position.

(6) Program-Related Investments (PRI)

PRIs are strategic investments, beyond grants, made by the Foundation for the specific objective of furthering the Foundation’s charitable purpose. The production of income is not the primary driver of a PRI. The Foundation entered into eleven new PRI investments in 2023 and 2022. The PRI portfolio includes loans to support the growth of key partners or institutions, equity investments to promote innovation and scale, and guarantees to address structural challenges within markets.

(a) Loan PRIs

The Foundation’s loan portfolio includes both loans and convertible loans invested in not-for-profit and private sector entities. The majority of these loans are in support of its global strategies focusing on developing countries. They enable partner organizations to invest in increasing agricultural productivity and expand affordable access to safe vaccines and other essential health supplies. The Foundation has also made loans in support of its U.S. strategies, providing low-cost capital support for charter school facilities. Interest payments are due on the outstanding loan amounts at interest rates generally ranging between 0% and 9%. Repayment of the outstanding loan amounts is scheduled through 2034.

(In thousands)

The loans are summarized in the table below for the years ended December 31, 2023 and 2022 as follows:

		2023	2022
Loan receivable, gross beginning of year	$	278,148	389,558
Additional loans		26,290	47,692
Principal repayments		(101,168)	(157,384)
Loan to equity conversions		(35,000)	—
Realized loss on loans		—	(1,718)
Gross subtotal, loans		168,270	278,148
Interest receivable		2,824	2,469
Loans and interest receivable, subtotal		171,094	280,617
Less discount and uncollectible allowance		(34,800)	(19,129)
Loan receivable, net end of year	$	136,294	261,488

(b) Equity PRIs

The Foundation's equity portfolio includes direct equity investments as well as investments in equity funds. The majority of these equity investments are in support of global strategies focusing on developing countries, which include investing in novel vaccine and therapeutic platforms, developing improved diagnostics, and strengthening agriculture and health delivery systems. The Foundation has also made equity investments in support of U.S. education. The total change in equity investments for the years ended December 31, 2023 and 2022 is summarized as follows:

		2023	2022
Equity investment amount, gross beginning of year	$	475,838	463,392
Additional investments, including contingent commitments		318,203	116,534
Loan to equity conversions		37,872	—
Return of capital		(827)	(36,160)
Realized loss		(2,870)	(67,928)
Equity investment amount, gross end of year		828,216	475,838
Cumulative valuation adjustments:			
Unrealized (loss) gain		(30,079)	51,367
Equity investment amount, net end of year	$	798,137	527,205

The Foundation has recorded certain of its equity investments at fair value, totaling $161,380 and $193,638 on December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Foundation has PRIs in equity funds which have been valued using NAV as a practical expedient with total fair values of $106,547 and $141,275, respectively. Unfunded commitments related to equity funds as of December 31, 2023 were $35,129. The majority of equity PRIs at fair value include observable inputs considered to be Level 1 per the fair value hierarchy.

(In thousands)

(c) PRI Guarantees and Commitments

The Foundation's guarantee portfolio includes financial, procurement backstop, and volume guarantees. The majority of these guarantees are in support of its global strategies, enabling accessibility and affordability of vaccines and health commodities in developing countries. Guarantee agreements and the associated commitments extend through 2030.

The Foundation's guarantee investments are summarized in the tables below for the years ended December 31, 2023 and 2022:

	Total gross exposure December 31, 2022	New commitments in 2023	Commitments satisfied in 2023	Total gross exposure December 31, 2023	Sub-guarantee amounts	Net exposure December 31, 2023	Value of guarantee liability
Guarantee investments:							
Procurement backstop	$ 100,000	85,725	—	185,725	—	185,725	7,000
Volume	157,550	—	(128,328)	29,222	(14,781)	14,441	25,399
Total guarantees	$ 257,550	85,725	(128,328)	214,947	(14,781)	200,166	32,399

	Total gross exposure December 31, 2021	New commitments in 2022	Commitments satisfied in 2022	Total gross exposure December 31, 2022	Sub-guarantee amounts	Net exposure December 31, 2022	Value of guarantee liability
Guarantee investments:							
Financial and Backstop	$ 100,000	—	—	100,000	—	100,000	7,000
Volume	34,400	148,650	(25,500)	157,550	(16,995)	140,555	37,825
Total guarantees	$ 134,400	148,650	(25,500)	257,550	(16,995)	240,555	44,825

The Foundation has made contingent funding commitments related to certain equity PRIs meeting milestone requirements. The estimated probable contingent funding amount included in program-related investment liabilities in the consolidated statements of financial position was $227,000 on December 31, 2023, and $0 on December 31, 2022.

(In thousands)

(7) Property and Equipment

At December 31, 2023 and 2022, property and equipment consisted of the following:

		2023	2022
Land	$	93,945	93,945
Construction-in-progress and other		14,359	2,078
Buildings		614,373	614,465
Computer hardware and software		123,464	118,608
Furniture, fixtures and other		25,915	25,265
Leasehold improvements		62,626	61,950
		934,682	916,311
Less accumulated depreciation and amortization		(363,359)	(333,140)
Property and equipment, net	$	571,323	583,171

(8) Analysis of Expenses

The Foundation's functional expenses, displayed by natural expense classification, for the years ended December 31, 2023 and 2022 are summarized in the tables below. The tables list all expenses on an accrual basis.

		Program expenses					Total
December 31, 2023		Global programs	U.S. program	Other charitable programs	Programmatic support	Management and general	expense by natural classification
Grants	$	5,723,110	586,964	142,575	—	—	6,452,649
Direct charitable contracts		623,039	93,690	56,153	—	—	772,882
Total		6,346,149	680,654	198,728	—	—	7,225,531
Compensation and benefits		390,147	50,123	37,205	54,468	114,766	646,709
Other support and administrative		113,275	4,437	13,115	13,662	240,260	384,749
Total	$	6,849,571	735,214	249,048	68,130	355,026	8,256,989

(In thousands)

December 31, 2022		Program expenses: Global programs	U.S. program	Other charitable programs	Programmatic support	Management and general	Total expense by natural classification
Grants	$	5,181,798	658,546	99,191	—	—	5,939,535
Direct charitable contracts		465,870	92,145	41,939	—	—	599,954
Total		5,647,668	750,691	141,130	—	—	6,539,489
Compensation and benefits		340,320	45,905	30,919	46,234	98,224	561,602
Other support and administrative		78,520	4,395	9,194	8,781	222,561	323,451
Total	$	6,066,508	800,991	181,243	55,015	320,785	7,424,542

Grants and direct charitable contracts are charitable costs expended for the benefit of others. Other support and administrative expenses relate to activities that support the grant-making process as well as administrative operational costs. Certain employee benefit expenses are allocated across functional groups based on headcount.

Subsidiary entity expenses included in the Foundation's consolidated financial statements are summarized by functional category and natural expense classification below:

		December 31, 2023			December 31, 2022		
		GPP	Gates Ag One	Gates MRI	GPP	Gates Ag One	Gates MRI
Grants	$	38,577	47,101	—	31,130	23,359	—
Direct charitable contracts		557	15,386	109,249	319	4,759	74,594
Compensation and benefits		—	—	48,343	—	—	34,627
Other support and administrative		119	887	15,640	127	414	14,319
Total global programs		39,253	63,374	173,232	31,576	28,532	123,540
Compensation and benefits		—	9,219	9,100	—	6,736	8,102
Other support and administrative		37	18,267	7,928	48	7,800	5,558
Total management & general		37	27,486	17,028	48	14,536	13,660
Total	$	39,290	90,860	190,260	31,624	43,068	137,200

(9) Grants Payable and Conditional Grant Commitments

On December 31, 2023 and 2022, grants payable totaled $5,674,010 (discounted to $5,395,218) and $5,288,849 (discounted to $5,015,006), respectively. Grants commitments subject to conditions not included in grants payable were $3,341,108 and $3,173,530, as of December 31, 2023 and 2022 respectively. Grants payable and obligation activity consisted of the following:

(In thousands)

		2023	2022
Grants payable balance, beginning of year	$	5,288,849	4,940,351
Current year activity:			
New and supplemental grants		6,776,203	5,840,699
Change in commitments subject to conditions		(167,578)	217,153
Payments		(6,093,223)	(5,633,314)
Grant amendments and contingencies		(130,241)	(76,040)
Grants payable balance, end of year		5,674,010	5,288,849
Grant commitments subject to conditions		3,341,108	3,173,530
Grants obligations, end of year	$	9,015,118	8,462,379

As of December 31, 2023, based on the specific grant agreements, grants payable are expected to be paid in the following years:

2024	$	2,495,408
2025		1,421,441
2026		660,202
2027		320,354
2028		241,332
Thereafter		535,273
		5,674,010
Less discount to reflect grant payable at present value		(278,792)
Grants payable, net	$	5,395,218

(10) Retirement Plan

In 2023 and 2022, the Foundation offered three Retirement Plans for the benefit of its employees: a 403(b) plan, 401(a) plan, and a 457(b) plan. The 457(b) plan allows for additional executive deferrals subject to annual limitations.

The 403(b) retirement plan covers employees meeting certain qualifications. Under the terms of the plan, employees are allowed to contribute up to 100% of pretax annual compensation, as defined in the plan, and subject to annual limitations imposed by the Internal Revenue Code.

(In thousands)

The 401(a) retirement plan covers employees meeting certain qualifications. Under the terms of the plan, the Foundation contributes 15% of employee-eligible plan compensation subject to annual limitations. Employees are immediately vested in employer contributions. Employer contributions to the 401(a) retirement plan relating to the years ended December 31, 2023 and 2022 totaled $58,773 and $50,804, respectively.

(11) Federal Excise Taxes

The Foundation is subject to federal excise taxes imposed on private foundations. Excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on the sale of investments. The Foundation provided for excise taxes at the 1.39% excise tax rate for the years ended December 31, 2023 and 2022. The current portion of excise tax expense was $863 and $1,673 for the years ended December 31, 2023 and 2022, respectively.

(12) Commitments and Contingencies

(a) Lease Commitments

The Foundation has operating and short-term leases for office buildings and facilities with remaining terms expiring at various dates through 2034, some of which have options to extend the leases up to 5 years. The Foundation determines if contracts contain a lease by assessing if the agreement conveys the right to control identified assets over a period of time.

Information related to operating leases presented on the consolidated statement of financial positions was as follows:

		December 31,	
		2023	**2022**
Operating lease right-of use assets	$	49,868	53,626
Operating lease liabilities		59,589	61,409
Weighted average remaining lease term in years		6.3	7.9
Weighted average discount rate		2.2 %	1.9 %

		2023	**2022**
Components of lease expense for the year ended :			
Operating lease expense	$	12,334	11,011
Short term lease expense		712	396
	$	13,046	11,407

Lease expense for the years ended December 31, 2023 and December 31, 2022 totaled $13,046 and $11,407, respectively.

(In thousands)

Lease payments presented in cash flows from operations: other expenses for the years ended December 31, 2023 and December 31, 2022 are summarized as follows:

		Years ended December 31,	
		2023	**2022**
Operating cash flows from operating leases	$	10,948	11,858
Operating cash flows from short term leases		712	153
Total cash flows	$	11,660	12,011

Future lease maturities related to operating leases as of December 31, 2023 are as follows:

2024	$	11,592
2025		10,462
2026		10,220
2027		10,142
2028		9,153
Thereafter		11,294
Total lease payments		62,863
Less imputed interest		(3,274)
Total operating lease liabilities	$	59,589

(b) Legal Matters

In the ordinary course of business, the Foundation is subject to certain legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Foundation.

(13) Subsequent Events

The Foundation evaluated subsequent events from December 31, 2023 through May 23, 2024, the date on which the consolidated financial statements were available to be issued and determined that no additional disclosures are required.