



**THE MOODY FOUNDATION**

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)



KPMG LLP  
811 Main Street  
Houston, TX 77002

## Independent Auditors' Report

The Board of Trustees  
The Moody Foundation:

We have audited the accompanying financial statements of The Moody Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Moody Foundation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**KPMG LLP**

Houston, Texas  
April 5, 2016

# THE MOODY FOUNDATION

## Statements of Financial Position

December 31, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 129,674,000	115,155,000
Investments:		
American National Insurance Company (note 2)	672,678,000	637,969,000
Gal-Tex Hotel Corporation (note 2)	737,000	—
Marketable equity securities (note 3)	223,588,000	67,833,000
Bonds and other debt instruments (note 3)	393,376,000	546,381,000
Notes receivable (note 6)	12,777,000	12,489,000
Real estate	1,500,000	1,500,000
Total investments	1,304,656,000	1,266,172,000
Federal excise tax receivable	614,000	246,000
Accrued interest	2,422,000	3,075,000
Assets held for charitable purposes	43,000	43,000
Other assets, net of accumulated depreciation of \$609,000 and \$698,000 in 2015 and 2014, respectively	1,211,000	467,000
Assets held in charitable remainder trust (note 5)	927,067,000	996,143,000
Total assets	\$ 2,365,687,000	2,381,301,000
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grants payable	\$ 66,362,000	110,077,000
Deferred tax liability (note 9)	12,716,000	12,307,000
Total liabilities	79,078,000	122,384,000
Commitments and contingencies (note 11)		
Net assets:		
Unrestricted	1,049,257,000	966,842,000
Temporarily restricted (note 7)	463,533,000	498,072,000
Permanently restricted (note 8)	773,819,000	794,003,000
Total net assets	2,286,609,000	2,258,917,000
Total liabilities and net assets	\$ 2,365,687,000	2,381,301,000

See accompanying notes to financial statements.

**THE MOODY FOUNDATION**

Statements of Activities

Years ended December 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Changes in unrestricted net assets:		
Revenues and gains:		
Interest	\$ 14,495,000	16,819,000
Dividends	2,922,000	1,900,000
Net unrealized and realized gains (losses) on investments	(6,307,000)	7,521,000
Equity in income of affiliates (note 2)	53,985,000	54,237,000
Net assets released from restriction (note 5)	17,995,000	14,590,000
Other income	32,356,000	20,699,000
Grants lapsed or withdrawn	33,000	94,000
Total unrestricted revenues and gains	115,479,000	115,860,000
Expenses:		
Grant appropriations:		
Community and social services	11,897,000	10,732,000
Health and science	2,610,000	4,659,000
Education	6,037,000	13,146,000
Arts, humanities, and religion	5,523,000	2,926,000
Total grant appropriations	26,067,000	31,463,000
General and administrative expenses (note 10)	3,501,000	3,261,000
Expenses incurred in the production of revenues and gains	3,015,000	2,784,000
Provision for federal excise taxes (note 9)	482,000	1,416,000
Total expenses	33,065,000	38,924,000
Increase in unrestricted net assets	82,414,000	76,936,000
Changes in temporarily restricted net assets:		
Change in value of charitable remainder trust (note 5)	(16,543,000)	51,218,000
Net assets released from restriction (note 5)	(17,995,000)	(14,590,000)
Increase (decrease) in temporarily restricted net assets	(34,538,000)	36,628,000
Changes in permanently restricted net assets:		
Change in value of charitable remainder trust (note 5)	(16,543,000)	51,218,000
Net unrealized and realized gains (losses) on investments	(5,630,000)	5,540,000
Equity in income of ANICO, net of dividends received (note 2)	1,989,000	2,065,000
Increase (decrease) in permanently restricted net assets	(20,184,000)	58,823,000
Increase in net assets	\$ 27,692,000	172,387,000

See accompanying notes to financial statements.

**THE MOODY FOUNDATION**

Statements of Changes in Net Assets

Years ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets, December 31, 2013	\$ 889,906,000	461,444,000	735,180,000	2,086,530,000
Increase (decrease) in net assets	<u>76,936,000</u>	<u>36,628,000</u>	<u>58,823,000</u>	<u>172,387,000</u>
Net assets, December 31, 2014	966,842,000	498,072,000	794,003,000	2,258,917,000
Increase (decrease) in net assets	<u>82,415,000</u>	<u>(34,539,000)</u>	<u>(20,184,000)</u>	<u>27,692,000</u>
Net assets, December 31, 2015	\$ <u><u>1,049,257,000</u></u>	<u><u>463,533,000</u></u>	<u><u>773,819,000</u></u>	<u><u>2,286,609,000</u></u>

See accompanying notes to financial statements.

**THE MOODY FOUNDATION**

Statements of Cash Flows

Years ended December 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Increase in net assets	\$ 27,692,000	172,387,000
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Distributions received from charitable remainder trust	17,995,000	14,590,000
Net realized (gains) losses on investments	(3,007,000)	(9,496,000)
Net unrealized (gains) losses on investments	14,944,000	(3,565,000)
Equity in income of affiliates	(55,974,000)	(56,302,000)
Change in value of charitable remainder trust	33,086,000	(102,436,000)
Deferred tax expense	409,000	756,000
Increase in federal excise tax receivable	(368,000)	—
Depreciation	159,000	74,000
(Increase) decrease in other assets and accrued interest receivable	(250,000)	29,000
Noncash grant payment of stock	1,235,000	2,773,000
Decrease in grants payable	(43,715,000)	(34,611,000)
Decrease in accounts payable and accrued liabilities	—	(170,000)
Net cash used in operating activities	(7,794,000)	(15,971,000)
Cash flows from investing activities:		
Proceeds from the sales, paydowns, and maturities of investments	1,331,588,000	1,286,752,000
Purchases of investments	(1,346,275,000)	(1,251,798,000)
Cash advances on notes receivable	(1,625,000)	—
Cash collected on notes receivable	1,337,000	47,000
Dividends received from affiliates	19,293,000	18,903,000
Net cash provided by investing activities	4,318,000	53,904,000
Cash flows from financing activities:		
Restricted distributions received from charitable remainder trust	17,995,000	14,590,000
Net cash provided by financing activities	17,995,000	14,590,000
Net increase in cash and cash equivalents	14,519,000	52,523,000
Cash and cash equivalents, beginning of year	115,155,000	62,632,000
Cash and cash equivalents, end of year	\$ 129,674,000	115,155,000
Supplemental disclosure of cash flow information:		
Cash paid during the year for excise taxes	\$ 442,000	1,030,000

See accompanying notes to financial statements.

## THE MOODY FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

### (1) Organization and Summary of Significant Accounting Policies

#### (a) *Organization*

The Moody Foundation (the Foundation) is a private charitable foundation created in 1942 by W.L. Moody, Jr. and his wife, Libbie Rice Shearn Moody. The purpose of the Foundation is to promote and fund projects in the charitable areas that include but are not limited to humanities, arts, religion, education, health, science, community, and social services in the state of Texas.

#### (b) *Financial Statement Presentation*

The financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP). Assets received from the estate of W.L. Moody, Jr. were recorded in the financial statements at fair value on the date of receipt.

#### (c) *Interpretation of Relevant Law*

The Board of Trustees (the Board), following the provisions of the Foundation's trust indenture and the Uniform Prudent Investor Act (the Act) of the Texas Trust Code, classify net assets, revenues, gains, and losses based on the existence or absence of donor-imposed restrictions, as applicable. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets that are not subject to donor-imposed restrictions.
- *Temporarily restricted net assets* – Net assets that are subject to donor-imposed restrictions and require the passage of time or the occurrence of a specific event.
- *Permanently restricted net assets* – Net assets required to be maintained in perpetuity with only the interest and dividend income to be used for the Foundation's activities due to donor-imposed restrictions.

#### (d) *Cash and Cash Equivalents*

Cash and cash equivalents include amounts on deposit at financial institutions and highly liquid overnight investments of \$129,674,000 and \$115,155,000 as of December 31, 2015 and 2014, respectively.

#### (e) *Investment and Spending Policy*

The Foundation follows an investment and spending policy that attempts to provide a predictable stream of income to fund its charitable activities. Following this strategy, the Board invests all Foundation assets, restricted and unrestricted, in a manner that is intended to produce results that meet or exceed minimum distribution requirements plus inflation while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation has a policy of appropriating for distribution each year an amount that at least meets the minimum distribution as required by tax laws pertaining to private foundations. These distribution



## THE MOODY FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

payouts will be used to meet both grant making and administrative needs of the Foundation. To meet the payout level determined each year, the Foundation follows the investment policies described above, utilizing both income and capital appreciation. Where prudent, and not inconsistent with the Foundation's trust indenture or the Act, the Foundation may use a portion of the principal of certain funds to meet the established payout or to fund special projects as determined by the Board.

**(f) *Investments and Investment Income***

The Foundation accounts for investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, except for those accounted for under the equity method, with gains and losses included in the statements of activities.

The Foundation owns approximately 23% and 34% of the outstanding voting stock of the American National Insurance Company (ANICO) and Gal-Tex Hotel Corporation (Gal-Tex), respectively. These investments are accounted for using the equity method of accounting. The Foundation annually evaluates its investments in ANICO and Gal-Tex to determine whether the investments are impaired and records adjustments if appropriate.

Realized and unrealized gains or losses on investments are recorded based on donor-imposed restrictions. Dividends and interest income are available for unrestricted use. The permanently restricted portion of equity in income of ANICO is recorded net of dividends.

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and market-related discount rates.

**(g) *Real Estate***

Real estate consists of land that is carried at cost.

**(h) *Depreciable Assets***

Depreciable assets are recorded at cost and are depreciated using the straight-line method based on estimated useful lives ranging from three to eight years.

**(i) *Grant Appropriations***

The Foundation recognizes unconditional grant appropriations as expenses at the time grants are committed to the recipient organizations. The Foundation recognizes conditional grant appropriations as expenses when the conditions on which they depend have been substantially met. Scholarship program grants are paid over a four-year period.

**(j) *Income Taxes***

The Foundation qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the Code) and is exempt from federal income tax under Section 501(a) of the Code on income from related activities.

## THE MOODY FOUNDATION

### Notes to Financial Statements

December 31, 2015 and 2014

Deferred excise tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective excise tax bases. Deferred excise tax assets and liabilities are measured using enacted excise tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred excise tax assets and liabilities of a change in excise tax rates is recognized in income in the period that includes the enactment date.

**(k) Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of changes in net assets during the reporting period. Significant items subject to such estimates and assumptions include investments, assets held in charitable remainder trust, and deferred taxes. Actual results could differ from those estimates.

**(2) ANICO and Gal-Tex**

The Foundation had an approximate 23% ownership interest in ANICO as of December 31, 2015 and 2014.

ANICO offers a broad spectrum of insurance products, including individual and group life insurance, health insurance, annuities, and property and casualty insurance. Through noninsurance subsidiaries, ANICO invests in stocks and real estate. Business is conducted in all 50 states, the District of Columbia, Puerto Rico, Guam, and American Samoa.

Summarized combined financial information for ANICO is as follows as of and for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Revenues	\$ 3,017,455,000	3,050,590,000
Net income	242,988,000	245,335,000
Total assets	23,746,962,000	23,544,532,000
Total liabilities	\$ 19,284,491,000	19,104,585,000
Stockholders' equity	<u>4,462,471,000</u>	<u>4,439,947,000</u>
Total liabilities and stockholders' equity	<u>\$ 23,746,962,000</u>	<u>23,544,532,000</u>

The Foundation had approximately 34% interest in Gal-Tex as of December 31, 2015 and 2014.

Gal-Tex and its wholly owned subsidiaries own and manage hotels throughout the United States.

**THE MOODY FOUNDATION**

Notes to Financial Statements

December 31, 2015 and 2014

Summarized combined financial information for Gal-Tex as of December 31, 2015 (unaudited) and December 31, 2014 (audited) are as follows:

	<u>2015</u>	<u>2014</u>
Revenues	\$ 85,558,000	83,366,000
Net income	4,505,000	824,000
Total assets	166,448,000	162,933,000
Total liabilities	\$ 71,097,000	71,058,000
Stockholders' equity	<u>95,351,000</u>	<u>91,875,000</u>
Total liabilities and stockholders' equity	<u>\$ 166,448,000</u>	<u>162,933,000</u>

**(3) Investments**

The cost or amortized cost, estimated fair values of marketable equity and debt securities, and gross unrealized gains and losses as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>			
	<u>Cost or amortized cost</u>	<u>Unrealized gains</u>	<u>Unrealized losses</u>	<u>Estimated fair value</u>
Equity securities with published quotations:				
Marketable equity securities	\$ 205,836,000	26,569,000	(8,817,000)	223,588,000
Debt securities:				
U.S. Treasury obligations	87,366,000	1,668,000	(426,000)	88,608,000
U.S. government agencies	107,621,000	2,028,000	(883,000)	108,766,000
Corporate and foreign bonds	195,077,000	3,660,000	(5,631,000)	193,106,000
Municipal obligations	<u>2,875,000</u>	<u>112,000</u>	<u>(91,000)</u>	<u>2,896,000</u>
	<u>\$ 598,775,000</u>	<u>34,037,000</u>	<u>(15,848,000)</u>	<u>616,964,000</u>

**THE MOODY FOUNDATION**

Notes to Financial Statements

December 31, 2015 and 2014

	<b>December 31, 2014</b>			
	<b>Cost or amortized cost</b>	<b>Unrealized gains</b>	<b>Unrealized losses</b>	<b>Estimated fair value</b>
Equity securities with published quotations:				
Marketable equity securities	\$ 43,812,000	28,444,000	(4,423,000)	67,833,000
Debt securities:				
U.S. Treasury obligations	168,676,000	2,626,000	(1,222,000)	170,080,000
U.S. government agencies	134,220,000	3,231,000	(834,000)	136,617,000
Corporate and foreign bonds	231,966,000	8,226,000	(3,016,000)	237,176,000
Municipal obligations	2,350,000	172,000	(14,000)	2,508,000
	<u>\$ 581,024,000</u>	<u>42,699,000</u>	<u>(9,509,000)</u>	<u>614,214,000</u>

The cost and estimated fair value of debt securities at December 31, 2015 and 2014, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<b>2015</b>	
	<b>Cost</b>	<b>Estimated fair value</b>
Due in one year or less	\$ 32,995,000	33,299,000
Due after one year through five years	115,025,000	115,712,000
Due after five years through ten years	108,101,000	107,609,000
Due after ten years	24,756,000	23,156,000
	<u>280,877,000</u>	<u>279,776,000</u>
Mortgage-backed securities (without single maturity dates)	112,062,000	113,600,000
	<u>\$ 392,939,000</u>	<u>393,376,000</u>

**THE MOODY FOUNDATION**

Notes to Financial Statements

December 31, 2015 and 2014

	<b>2014</b>	
	<b>Cost</b>	<b>Estimated fair value</b>
Due in one year or less	\$ 36,015,000	35,814,000
Due after one year through five years	246,036,000	247,845,000
Due after five years through ten years	114,926,000	118,662,000
Due after ten years	22,783,000	23,855,000
	<u>419,760,000</u>	<u>426,176,000</u>
Mortgage-backed securities (without single maturity dates)	117,452,000	120,205,000
	<u>\$ 537,212,000</u>	<u>546,381,000</u>

**(4) Fair Value of Financial Instruments**

The carrying amount and estimated fair value of financial instruments are shown below:

	<b>December 31, 2015</b>	
	<b>Carrying amount</b>	<b>Estimated fair value</b>
Financial assets:		
Equity securities with published quotations:		
Marketable equity securities	\$ 223,588,000	223,588,000
Debt securities:		
U.S. Treasury obligations	88,608,000	88,608,000
U.S. government agencies	108,766,000	108,766,000
Corporate and foreign bonds	193,106,000	193,106,000
Municipal obligations	2,896,000	2,896,000
	<u>\$ 616,964,000</u>	<u>616,964,000</u>

	<b>December 31, 2014</b>	
	<b>Carrying amount</b>	<b>Estimated fair value</b>
Financial assets:		
Equity securities with published quotations:		
Marketable equity securities	\$ 67,833,000	67,833,000
Debt securities:		
U.S. Treasury obligations	170,080,000	170,080,000
U.S. government agencies	136,617,000	136,617,000
Corporate and foreign bonds	237,176,000	237,176,000
Municipal obligations	2,508,000	2,508,000
	<u>\$ 614,214,000</u>	<u>614,214,000</u>

## THE MOODY FOUNDATION

### Notes to Financial Statements

December 31, 2015 and 2014

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. A fair value hierarchy is used to determine fair value based on a hypothetical transaction at the measurement date from the perspective of the market participant. An asset's or a liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1 – Quoted prices in active markets for identical assets
- Level 2 – Other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs (which may include the Foundation's own assumptions in determining the fair value of investments).

The following is a summary categorization, as of December 31, 2015 and 2014, of the Foundation's investments based on the level of inputs utilized in determining the value of such investments:

<b>December 31, 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Quoted prices</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
Investments in equity securities	\$ 223,588,000	—	—
Debt securities:			
U.S. Treasury obligations	—	88,608,000	—
U.S. government agencies	—	108,766,000	—
Corporate and foreign bonds	—	193,106,000	—
Municipal obligations	—	2,896,000	—
	<b>\$ 223,588,000</b>	<b>393,376,000</b>	<b>—</b>
<b>December 31, 2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Quoted prices</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
Investments in equity securities	\$ 67,833,000	—	—
Debt securities:			
U.S. Treasury obligations	—	170,080,000	—
U.S. government agencies	—	136,617,000	—
Corporate and foreign bonds	—	237,176,000	—
Municipal obligations	—	2,508,000	—
	<b>\$ 67,833,000</b>	<b>546,381,000</b>	<b>—</b>

Grants payable are obligations that are noninterest bearing and generally are paid within one year; therefore, their carrying value approximates fair value.

## THE MOODY FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

The Foundation obtains the fair value of publicly traded stocks, bonds, U.S. Treasury obligations, and other debt instruments based on quoted market prices.

### (5) Interest in Libbie Shearn Moody Trust

The Foundation has recorded its beneficial interest in the Libbie Shearn Moody Trust (the Trust) based on the estimated fair value of the assets contributed by the donor less the present value of the payments expected to be made to other life estates. The present value method for measuring the fair value of the contribution considers (a) the estimated return on the invested assets during the expected term of the Trust, (b) the contractual payment obligations under the Trust, (c) life expectancies of remaining life estate interests, and (d) an interest rate of 7.0%.

The Foundation receives distributions from the Trust applicable to its 75% remainderman interest in the income attributable to certain expired life estate interests in the Trust. One-half of these distributions are permanently restricted, and the remaining funds are temporarily restricted until distributions are made. Upon expiration of all life estates, the Foundation will receive 75% of the assets of the Trust.

Approximately 82% of the assets of the Trust are 9,949,585 shares of ANICO common stock with a fair value of \$1,017,544,000 and \$1,136,839,000 at December 31, 2015 and 2014, respectively.

### (6) Notes Receivable

Notes receivable at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Unsecured 1.25% note receivable from Moody Gardens	\$ 12,096,000	12,096,000
Other	681,000	393,000
	<u>\$ 12,777,000</u>	<u>12,489,000</u>

The unsecured 1.25% note receivable from a grant recipient is an advancing demand loan for a total amount of \$12,096,000 that was fully advanced to the grant recipient in 2011. Interest only is due in annual payments on the anniversary date of the loan. Interest payments received were \$151,000 in both 2015 and 2014. Payment of principal amounts outstanding are due upon demand of the Foundation or April 1, 2020, whichever should occur first.

### (7) Temporarily Restricted Net Assets

Temporarily restricted net assets were \$463,533,000 and \$498,072,000 as of December 31, 2015 and 2014, respectively, and consisted of estimated future distributions from the Trust. Assets are released from restriction when time restrictions are met.

### (8) Permanently Restricted Net Assets

Permanently restricted net assets consist primarily of the beneficial interest in the Trust, investments to be invested in perpetuity, and paintings to be held in perpetuity. Changes in permanently restricted net assets include the permanently restricted portion of equity in income of ANICO less dividends that are available

## THE MOODY FOUNDATION

### Notes to Financial Statements

December 31, 2015 and 2014

for unrestricted use. Pursuant to donor restrictions, 338,522 of the 6,118,186 shares of ANICO common stock held by the Foundation are permanently restricted.

#### (9) Federal Excise Tax

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3). Accordingly, the Foundation is not subject to federal income tax, except to the extent that it has unrelated business taxable income. The Foundation did not have unrelated business income in 2015 or 2014. However, the Foundation is classified as a private foundation under Section 509(a) and, as such, is subject to a federal excise tax of 2% on net investment income, unless certain conditions are met in which case the federal excise tax is reduced to 1%. In 2015 and 2014, the Foundation was subject to an excise tax on net investment income of 1%. Deferred excise taxes (benefit) are provided for on the unrealized increase (decrease) in the fair value of the Foundation's investment assets at a 2% rate. The following information is for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Current tax expense	\$ 73,000	660,000
Deferred tax expense	409,000	756,000
Total excise tax expense	<u>\$ 482,000</u>	<u>1,416,000</u>

The Foundation is also required to make certain minimum qualifying distributions of its assets in accordance with formulas provided by federal law. The Foundation met its minimum distribution requirement for 2014. The Foundation will need to distribute an additional \$74,000,000 by December 31, 2016 to satisfy its 2015 minimum requirement.

#### (10) Related-Party Transactions

Members of the Board of Trustees and certain employees of the Foundation hold various positions with organizations that provide services to or receive grants from the Foundation. In addition, the Foundation's investment portfolio includes investments in other entities in which the Trust and other related parties have common investments. The Foundation has a number of recurring transactions with such entities.

During 2015 and 2014, Moody Gardens, Inc. received grant payments of \$18,412,000 and \$12,161,000, respectively. At year-end 2015 and 2014, the Foundation also had a note receivable from Moody Gardens in the amount of \$12,096,000 (see note 6).

The Moody National Bank of Galveston (the Bank) leases office space to the Foundation and provides the Foundation with general banking services, general bookkeeping services, and physical custody of records and marketable securities. Total payments to the Bank were approximately \$581,000 and \$571,000 during the years ended December 31, 2015 and 2014, respectively. The Bank also serves as trustee for the Trust.

Insurance premiums paid to ANICO under a medical stop-loss insurance plan were approximately \$96,000 and \$174,000 for the years ended December 31, 2015 and 2014, respectively.



**THE MOODY FOUNDATION**

Notes to Financial Statements

December 31, 2015 and 2014

**(11) Commitments and Contingencies**

The Foundation has pending and threatened litigation and claims incurred in the ordinary course of business. Management believes that the probable resolution of such contingencies will not exceed insurance coverages and will not materially affect the financial position of the Foundation or the results of its operations.

**(12) Subsequent Events**

The Foundation has evaluated subsequent events through April 5, 2016, the date the financial statements were available to be issued, and determined that there were no subsequent events that would have materially affected the financial statements or required additional disclosure.

## THE MOODY FOUNDATION

Grants

December 31, 2015

Recipient		Purpose/description	Tax status	Unpaid at December 31, 2014	2015 Activity		Unpaid at December 31, 2015
					Commitments	Payments	
Alcohol Drug Abuse Women's Foundation, Inc.	2015-48	Assistance in extending ADA House's recovery program to insured or self-paying clients who would benefit from the inpatient substance abuse program.	PC	\$ —	150,000	150,000	—
Alley's House	2015-22	Assistance in improving the future success of teen mothers and their children by adding a mental Health and Wellness component to the education, personal, career and family services offered.	PC	—	15,000	15,000	—
American Cancer Society, Inc./Cattle Baron's Ball	2015-02	Assistance in providing children who have cancer, and their families, with a special outing to Disney on Ice Presents Frozen providing them with a no-cost respite from treatment.	PC	—	60,000	60,000	—
American Heart Association Southwest Affiliate	2015-49	Assistance in reducing the number of deaths due to heart attacks through a three-year educational multi-media campaign, "Don't Die of Doubt", that encourages residents of North Texas to call 911 at the first sign of cardiac emergency.	PC	—	100,000	100,000	—
Ark House Foundation	2015-50	Assistance in providing affordable, temporary housing for families who are in Dallas while a loved one receives extended medical care at Parkland, Children's Medical Center, UT Southwestern, Medical City or Baylor hospitals.	PC	—	10,000	10,000	—
Artisit Boat, Inc.	2015-03	Assistance in hiring consulting services that will act as a coordinated voice for Galveston Island and represent Artist Boat in pursuing environmental funding for remediation projects.	PC	—	70,000	70,000	—
Assistance League of Greater Collin County	2015-79	Assistance in improving school attendance and academic success among low-income students in six Collin County school districts through Operation School Bell, which provides needy elementary students with coats, school clothes, shoes and hygiene items.	PC	—	10,000	—	10,000
Attitudes & Attire	2015-51	Assistance in lifting women out of poverty and increasing their employability by reducing barriers to their success.	PC	—	30,000	30,000	—
Austin Children's Shelter/dba Austin Children's Services	2015-52	Assistance in providing safe shelter to Central Texas children who have been removed from their home due to abuse, abandonment or neglect.	PC	—	35,000	35,000	—
Austin Community Foundation for the Capital Area	2015-78	Assistance, over a two-year period with a donor advised fund on behalf of the Housing Our Heroes group to provide housing vouchers to help defray the cost of rent for approximately 211 homeless veterans.	PC	—	175,000	75,000	100,000
Austin Community Foundation for the Capital Area	2015-80	Assistance with matching donations to Your Austin Marathon and their (25) beneficiary groups on February 14, 2016.	PC	—	250,000	—	250,000
Austin Explore, Inc./Explore Austin	2015-81	Assistance in expanding the horizons of underprivileged middle school students by engaging them in year-round outdoor activities and mentoring aimed at developing resilience, confidence, goal-setting and problem-solving to improve academic performance and attendance.	PC	—	60,000	60,000	—
Austin Film Society	2015-04	Assistance in underwriting the 2015 Texas Hall of Fame event, which recognizes the contributions of Texans in all facets of filmmaking and raises funds for the Society's year-round education programs, film screenings and efforts to attract film production to Austin and Texas.	PC	—	25,000	25,000	—
Austin Symphony Orchestra Society, Inc.	2015-82	Assistance in providing thousands of Central Texas children with hands-on art experiences at the Children's Day Art Park.	PC	—	10,000	10,000	—
BATAVA Theatre, Inc.	2015-23	Assistance in producing the premier season of six plays for children and adults, providing performance experiences for students ages 5 to 18 while bringing new shows to north Galveston County.	PC	—	20,000	20,000	—
Baylor Health Care System Foundation	2015-53	Assistance in completing a training center for service dogs that will be the first in the country to link training assistance dogs, therapy animals and skilled companion animals to a health care system.	PC	—	250,000	250,000	—
The Blue Bird Circle	2015-54	Assistance in furthering the quest for drug treatment for Juvenile Batten Disease by developing biomarkers to quantify the disease's progression and determine if new drugs could slow or halt the disease.	PC	—	70,000	70,000	—
Bridge Breast Center, Inc.	2015-83	Assistance in providing solutions to some of the most common side effects of breast cancer treatment through the Survivorship program, which offers wigs, prosthetics and physical therapy to women in need.	PC	—	60,000	30,000	30,000
Brownsville Society for Crippled Children, Inc.	2015-24	Assistance in improving the therapeutic experience of the young patients at the Moody Clinic as they receive physical, occupational and speech therapy through renovation of the 46-year old building, and through a fund to provide therapy for children whose families cannot afford the full cost of ongoing treatment.	PC	—	143,000	143,000	—
Camp For All Foundation	2015-05	Assistance in better serving 10,000 campers, all of them with challenging physical or medical conditions such as cancer, autism, blood disorders or severe burns, by renovating the camp offices to improve security, accommodate more volunteers, re-configure the camp store, and become more energy efficient.	PC	—	150,000	150,000	—
Camp Summit, Inc.	2015-84	Assistance in completing the establishment of a long-running camp serving children and adults with disabilities through support of the "Opening Gates" capital campaign to furnish the camp with beds, dining hall furniture and equipment, and clinic furnishings	PC	—	50,000	—	50,000

## THE MOODY FOUNDATION

Grants

December 31, 2015

Recipient		Purpose/description	Tax status	Unpaid at December 31, 2014	2015 Activity		Unpaid at December 31, 2015
					Commitments	Payments	
Cancer Support Community North Texas	2015-25	Assistance in improving the quality of life for cancer patients and survivors in Dallas, Fort Worth and Plano through a new program, "Survive and Thrive" that provides education, social outlets, networking and other support designed to reduce stress and promote healing.	PC	\$ —	50,000	50,000	—
Capital of Texas Public Telecommunications Council/KLRU-TV18	2015-55	Assistance in building KLRU's capacity to produce high quality television programs with local, regional and national appeal by replacing outdated equipment with updated video-editing computers, shared storage for broadcast and archived programs, and new field cameras.	PC	—	999,778	999,778	—
Captain Hope's Kids	2015-56	Assistance in providing diapers, school supplies, coats, school uniforms and other necessities to social service agencies serving homeless children in Dallas, Collin, Denton and Tarrant counties.	PC	—	30,000	30,000	—
Catholic Diocese of Austin/San Juan Diego Catholic High School	2015-06	Assistance in constructing a new high school facility in South Austin that will enable more students to take part in an innovative program that provides motivated students with the opportunity to receive a high-quality Catholic education while gaining useful work experience.	PC	—	500,000	—	500,000
Center for Nonprofit Management	2015-26	Assistance, over a three-year period, in strengthening Dallas-area nonprofit organizations serving women, children and education by providing them with specialized training through the Moody Foundation Outcomes-Based Program Evaluation Institute, two days of training that will improve operations at 18-24 organizations in the next three years.	PC	—	105,000	35,000	70,000
Central Christian Church	2015-57	Assistance in continuing to recover from the effects of Hurricane Ike by restoring essential programs and engaging a full-time minister.	PC	—	65,000	65,000	—
Chase's Place, Inc.	2015-58	Assistance in enhancing this small private school's therapeutic programming to enable its students ages 5-18 to reach their full potential despite developmental disabilities, brain injuries or neurological disorders.	PC	—	25,000	25,000	—
Child Protective Services Community Partners, Inc./Community Partners of Dallas Children's Assessment Center Foundation	2014-35	Assistance with the Kids in Crisis program.	PC	15,000	—	15,000	—
Children's Center, Inc.	2013-09	Assistance in expanding the Center to increase services to child victims of sexual abuse and to better advocate for all children in preventing abuse.	SO-DP	125,000	—	125,000	—
Children's Coalition	2015-59	Assistance in providing safe, comfortable housing for young adults ages 18 to 22 in need of shelter and services due to aging out of foster care, homelessness, human trafficking and other situations.	PC	—	50,000	—	50,000
Children's Heart Foundation-Texas Chapter	2015-08	Assistance in constructing a safe, accessible playground on the grounds of Westminster Presbyterian Church that will provide the 50 preschool children attending the school with developmentally appropriate play that fosters creativity, curiosity and socialization.	PC	—	20,000	20,000	—
Children's Heart Foundation-Texas Chapter	2015-07	Assistance in developing advances in the treatment and prevention of congenital heart defects through research funded by the Central Texas Congenital Heart Walk.	PC	—	5,000	5,000	—
Chinati Foundation	2015-09	Assistance in expanding the museum internship program to include two new positions focused on curatorial and public programming skills, bringing a total of ten interns to the Chianti campus during the 2015-2016 academic year.	PC	—	15,000	15,000	—
City of Dallas-Dallas Animal Services	2014-38	Assistance in purchasing an X-Ray machine for Dallas Animal Services.	GOV	56,000	—	56,000	—
City of Galveston/Parks & Recreation Dept.	2013-37	Assistance in constructing a community pool at a centrally located, city-owned site.	GOV	1,325,000	—	—	1,325,000
Clayton Dabney Foundation For Kids with Cancer	2015-85	Assistance in providing the families of a child who has terminal cancer with the opportunity to create happy memories, either by arranging for a special gift or event, or by enabling the parent to spend more time with their child in his or her final days.	PC	—	15,000	—	15,000
College Baseball Foundation	2012-41	Assistance, over a three-year period, in constructing and endowing the College Baseball Hall of Fame.	PC	1,000,000	—	—	1,000,000
Communities in Schools of Central Texas, Inc.	2015-27	Assistance in continuing a successful intervention program targeting at-risk young men that provides them with skills, tools and support to stay in school, make positive, informed decisions, and overcome personal, family and environmental challenges.	PC	—	150,000	150,000	—
Contemporary Austin Museum, Inc.	2015-28	Assistance in enhancing the programming and revenue-producing potential of the museum's downtown location, the Jones Center, by constructing the Moody Rooftop, a canopy structure that will be heated and cooled for year-round use, as part of a major renovation that will double the museum's exhibition space.	PC	—	1,310,000	—	1,310,000
Court Appointed Special Advocates of Denton County, Inc.	2015-29	Assistance in facilitating the adoption of abused and neglected children into permanent families at Denton County Adoption Day, celebrating the beginning of a new chapter for children whose parents have had their parental rights terminated.	PC	—	2,500	2,500	—
Crystal Charity Ball	2015-30	Assistance in supporting the 2015 Crystal Charity Ball events and the eleven charities chosen to benefit in 2015-2016 from its fund-raising proceeds, each of which addresses children's agencies that improve the health, education, and social services of Dallas County children.	PC	—	140,000	140,000	—
Daedalian Foundation	2015-60	Assistance in replenishing the supply of military pilots available to defend the country by encouraging the pursuit of science, technology, engineering and mathematics degrees through one-year scholarships to five needy Texas students majoring in these fields.	PC	—	10,000	10,000	—
Dallas Academy	2015-86	Assistance in improving the coordination, concentration, problem-solving skills and emotional control of students with learning differences by offering therapeutic dance, first as an after-school activity and later as a summer enrichment program, at all grade levels.	PC	—	5,000	—	5,000

## THE MOODY FOUNDATION

Grants

December 31, 2015

Recipient		Purpose/description	Tax status	Unpaid at December 31, 2014	2015 Activity		Unpaid at December 31, 2015
					Commitments	Payments	
Dallas Center for the Performing Arts/dba AT&T Performing Arts Center Dallas Opera	2012-26	Assistance in providing high school students with theatrical experiences through the Backstage Spotlight program.	PC	\$ 120,000	—	30,000	90,000
	2015-61	Assistance in presenting the world premier of a new opera, Becoming Santa Claus, and involving children and families in Dallas and beyond through a TEKS-aligned curriculum for grades 6-12, a coloring book, and a simulcast of a matinee performance to children's hospitals.	PC	—	250,000	250,000	—
Dallas Police Youth Foundation	2015-31	Assistance in building healthy and respectful police/community rapport through three programs that mentor and support youth enrichment, character building, and citizenship: Explorers and Junior Explorers programs for boys and Girl Empowerment and DIVA for girls.	PC	—	85,000	85,000	—
Dallas Summer Musicals, Inc.	2015-62	Assistance in offering a special performance of "The Little Mermaid" to members of the community who might otherwise be unable to attend a live theatrical performance.	PC	—	100,000	—	100,000
Dallas Theater Center	2013-34	Assistance with Project Discovery which will engage students from North Texas high schools in a comprehensive, year-long theater education program.	PC	240,000	—	60,000	180,000
Dallas Urban Debate Alliance	2015-87	Assistance in improving college readiness and high school graduation rates among minority students in the Dallas Independent School District by offering an eight-day residential debate camp that sharpens students' speaking and research skills and exposes them to college life.	PC	—	20,000	20,000	—
Dallas Women's Foundation	2015-32	Assistance, over a three-year period, in improving economic security of women by increasing their access to high-quality affordable day care by building capacity of day care centers in underserved areas, developing a locator application and increasing the pool of available day care subsidies.	PC	—	300,000	100,000	200,000
Daughters of the Republic of Texas	2015-63	Assistance in preserving the 174 year old French Legation, through the development of a Master Interpretive Plan to guide preservation efforts and determine historical, architectural, cultural and educational priorities for the 2.5-acre site.	PC	—	20,000	20,000	—
D'Feet Breast Cancer, Inc.	2015-64	Assistance in providing education, screening mammograms and diagnostic testing to 100 low-income, medically underserved Galveston County women, along with any follow-up services needed.	PC	—	36,000	—	36,000
Educational First Steps	2015-33	Assistance in improving life-long outcomes for children living in poverty by improving the quality of the early childhood day care available in Dallas County by training day care staff, developing leadership skills, and aiding centers to reach accreditation standards.	PC	—	200,000	200,000	—
Exodus Ministries	2015-65	Assistance in improving the transition of female ex-offenders into productive citizens and parents by creating a Children's Center at the residential facility for mothers and their children.	PC	—	40,000	—	40,000
Family Compass	2015-88	Assistance in preventing child abuse and neglect through the Healthy Families program which reaches out to at-risk teenage parents and provides five years of parenting education and case management for better health and school readiness.	PC	—	50,000	50,000	—
Family Place, Inc.	2015-34	Assistance, over a three-year period, in expanding and improving the therapeutic services offered to survivors of domestic violence by renovating a central Dallas building to house counseling services, children's programs, administration and overflow emergency shelter beds at a safe, accessible site.	PC	—	5,000,000	3,000,000	2,000,000
Family Service Center of Galveston County	2015-89	Assistance in providing mental health services at St. Vincent's Clinic, in collaboration with UTMB's School of Nursing, Medical School, and Department of Psychiatry, to low-income clinic patients in need of treatment for anxiety, depression and other mental health issues.	PC	—	50,000	50,000	—
Foundation for Hope Village	2014-13	Assistance with the Hope Village Capital Campaign.	PC	125,000	—	125,000	—
Fredericksburg ISD Parent Teacher Organization	2015-35	Assistance in providing the 2015 graduating class of Fredericksburg High School with a safe, chemical-free, entertaining, all-night celebration on graduation night.	PC	—	3,500	3,500	—
Galveston Arts Center, Inc.	2015-36	Assistance in completing the post-Hurricane Ike restoration of the 1878 First National Bank Building, enabling the Arts Center to return to its flagship location on the Strand, tripling its exhibition space, adding an education studio and expanding outreach programs.	PC	—	1,000,000	1,000,000	—
Galveston Bay Foundation	2015-66	Assistance in producing a fundraising bike ride, "Bike Around the Bay", to raise awareness of the beauty and significance of Galveston Bay while generating funds to be used on educational, preservation, research and restoration projects.	PC	—	25,000	25,000	—
Galveston Chamber Partnership, Inc.	2013-36	Assistance in presenting the 2014, 2015, and 2016 women's conferences, "Celebrating Women: Mind, Body, Spirit," at Moody Gardens.	PC	100,000	—	100,000	—
Galveston Children's Museum	2014-21	Assistance in developing and operating the Galveston Children's Museum	PC	150,000	—	150,000	—
Galveston County Mutual Assistance Partnership	2015-37	Assistance in strengthening and improving nonprofit organizations in Galveston County by developing a marketing plan and revamped website that will encourage collaboration, provide online training, and serve as a central information source for the nonprofit community.	PC	—	10,000	10,000	—
Galveston Independent School District	2011-49	Assistance in expanding administrative staff and in increasing the funding awarded to improve education throughout the Galveston Independent School District.	PC	12,500	—	12,500	—
Educational Foundation, Inc.	2014-16	Assistance with the Presidential Leadership Scholars Program.	PC	3,200,000	—	2,400,000	800,000
George W. Bush Foundation	2015-90	Assistance in transforming a 100-acre camp into a STEM (Science, Technology, Engineering and Mathematics) Center of Excellence, a living laboratory where girls and adults can expand their interest in STEM careers, and in building an observation tower as their focal point.	PC	—	1,000,000	1,000,000	—
Girl Scouts of Northeast Texas							

## THE MOODY FOUNDATION

Grants

December 31, 2015

Recipient		Purpose/description	Tax status	Unpaid at December 31, 2014	2015 Activity		Unpaid at December 31, 2015
					Commitments	Payments	
Gleanings From The Harvest for Galveston/dba Galveston County Food Bank	2015-10	Assistance in developing two new mobile food distribution sites in San Leon and La Marque, opening a permanent food pantry in Hitchcock, and maintaining mobile food distribution in eight other Galveston County locations.	PC	\$ —	100,000	100,000	—
Grand 1894 Opera House	2014-17	Assistance with the emergency structural repairs needed at the Opera House.	PC	1,523,161	—	1,451,554	71,608
Healing Hands Ministries, Inc.	2015-38	Assistance in providing medical and dental services to children from low-income, uninsured or underinsured families, reducing the number of unnecessary emergency room visits and school absences while improving the health of individuals and families in the Lake Highlands area.	PC	—	20,000	20,000	—
Hill Country Memorial Hospital	2015-67	Assistance in replacing the hospital's MRI facility with an MRI suite within the hospital, eliminating the need for transporting patients outdoors and improving service delivery by adding the MRI unit to the radiology department and reconfiguring the emergency department.	PC	—	200,000	200,000	—
Hill Country Ride for AIDS, Inc.	2015-39	Assistance in underwriting the 2015 and 2016 annual Hill Country Ride for AIDS, a collaborative fundraising effort of ten Central Texas organizations that provide medical and social services to people affected by HIV/AIDS.	PC	—	25,000	12,500	12,500
Hope and Healing Institute	2015-68	Assistance in providing faith-based mental health services to members of the community regardless of their ability to pay, and training social workers, therapists and counselors on mental health.	PC	—	50,000	50,000	—
Houston Baptist University	2015-91	Assistance in updating the Moody Library for modern technology by creating the Moody Library Learning Commons, reconfiguring and refurbishing the traditional library to support the academic needs of a current generation of students.	PC	—	500,000	500,000	—
Houston Grand Opera Association, Inc.	2015-92	Assistance in producing the world premier of a chamber opera exploring the effects of the 1900 Storm and Hurricane Ike on generations of Galvestonians, with performances scheduled for May 2016 in Houston and at the Grand 1894 Opera House in Galveston.	PC	—	17,500	—	17,500
Jeremiah Program	2014-20	Assistance with the Jeremiah Program at the Austin Campus.	PC	3,500,000	—	—	3,500,000
Letot Center Capital Foundation	2012-19	Assistance, over a five-year period, in constructing a residential treatment center for the Dallas County Juvenile Department to serve exploited girls ages 13-17.	PC	900,000	—	900,000	—
McCallum High School Project Graduation	2015-40	Assistance in illustrating the dangers of impaired driving to high school students through a two-day immersion program. "Shattered Dreams", which uses role-playing and actual crashed cars to make students more aware of the extended consequences of drinking and driving.	PC	—	3,500	3,500	—
Montrose Counseling Center/dba The Montrose Center	2015-69	Assistance in providing counseling. Peer support, group meals, wellness, education, recreation and advocacy to lesbian, gay, bi-sexual and transgender senior citizens through the SPRY (Seniors Preparing for Rainbow Years) program for individuals 60 and older.	PC	—	50,000	50,000	—
Moody Gardens, Inc	2013-05	Assistance in adding an Ice Carving Exhibit at the Festival of Lights.	POF	584,632	—	584,632	—
Moody Gardens, Inc	2013-06	Assistance in making upgrades and improvements to the Discovery Pyramid.	POF	8,138,521	—	8,138,521	—
Moody Gardens, Inc	2013-07	Assistance in making upgrades and improvements to the Aquarium Pyramid.	POF	36,356,193	—	9,688,489	26,667,704
Moody Scholars Program*	2010-09	Support of the 2010 Moody Scholars Program in Galveston, Dallas and Travis counties.	I	15,838	—	2,000	13,838
Moody Scholars Program*	2010-43	Support of the 2011 Moody Scholars Program in Galveston, Dallas and Travis counties.	I	13,001	—	(13,000)	26,001
Moody Scholars Program*	2011-55	Support of the 2012 Moody Scholars Program in Galveston, Dallas and Travis counties.	I	164,000	—	152,500	11,500
Moody Scholars Program*	2012-48	Support of the 2013 Moody Scholars Program in Galveston, Dallas and Travis counties.	I	326,000	—	108,000	218,000
Moody Scholars Program*	2014-23	Support of the 2014 Moody Scholars Program in Galveston, Dallas and Travis counties.	I	437,000	—	138,000	299,000
Moody Scholars Program*	2015-11	Support of the 2015 Moody Scholars Program in Galveston, Dallas and Travis counties.	I	—	1,200,000	335,222	864,778
National Society to Prevent Blindness	2015-12	Assistance in providing uninsured and underinsured individuals in the Houston area with the vision services needed to continue working, studying or living independently including free vision screenings, eye health and safety education, and referrals for eyeglasses.	PC	—	25,000	25,000	—
North Texas Food Bank	2015-10	Assistance in improving the nutrition, health and school performance of low-income children through the Food 4 Kids program, which provides weekend meals to children who live with chronic hunger, supplementing the meals they eat at school with food for healthy development.	PC	—	50,000	50,000	—
Old Central Cultural Center, Inc.	2014-25	Assistance in renovating the Old Central Cultural Center to meet ADA standards and offer a better visitor experience through improved lighting, ventilation and interior and exterior refurbishing.	PC	10,000	—	10,000	—
Old Central Cultural Center, Inc.	2015-14	Assistance in promoting Galveston as a historic-tourism destination through support of events commemorating the 150th anniversary of Juneteenth, projected to draw 150,000 visitors to Galveston in June, 2015	PC	—	30,000	30,000	—
Open Arms, Inc./Bryan's House	2015-70	Assistance in preparing children ages 0-5 for success in school and life at a preschool designed to meet special medical and/or developmental needs.	PC	—	30,000	30,000	—
Our Calling, Inc.	2015-93	Assistance in feeding Dallas County's most vulnerable population, unsheltered homeless individuals, providing approximately 5,000 men, women and children with breakfasts, lunches and resources to prepare them for a more stable living situation.	PC	—	10,000	—	10,000
Project Graduation, Inc.	2015-12	Partial underwriting for "Project Graduation 2015" to provide a substance-free graduation celebration for the Ball High School Class of 2015 and their guests.	PC	—	10,000	10,000	—
Project Normalization Open Door Preschool	2015-71	Assistance in preparing disadvantaged children for school success through two programs that focus on Kindergarten readiness by deploying trained volunteers from Foster Grandparents and Americorps to provide individualized instruction and attention at three preschool campuses.	PC	—	10,000	10,000	—

## THE MOODY FOUNDATION

Grants

December 31, 2015

Recipient		Purpose/description	Tax status	Unpaid at December 31, 2014	2015 Activity		Unpaid at December 31, 2015
					Commitments	Payments	
Promise House, Inc.	2015-16	Assistance, over two years, in breaking the cycle of poverty by providing pregnant or parenting teens with supportive housing, job training, child care, counseling and educational opportunities at the Wesley Inn, and operating Emergency Shelter Services for runaways and homeless youth.	PC	\$ —	120,000	120,000	—
Reading Partners	2015-41	Assistance in reducing the drop-out rate in Dallas schools by providing volunteer literacy tutoring for early elementary students who are not reading at grade level, improving their reading skills before they fall further behind.	PC	—	45,000	45,000	—
Rice University	2012-32	Assistance with the design phase for construction of the Moody Center for the Arts, a performance and exhibition space for a broad range of arts activities.	PC	11,533,333	—	5,766,667	5,766,666
Rice University	2015-94	Assistance in expanding the scope of the White House Transition Project, both in the U.S. and in Latin America, to better understand and document the mechanics of an outgoing administration to improve governance and to minimize disruptions to national security, financial markets and government programs.	PC	—	2,021,671	2,021,671	—
Saint Andrew's Episcopal School	2011-11	Assistance over a five-year period, supplementing the annual financial aid portion of the school's budget to keep tuition affordable to a diverse population.	PC	250,000	—	250,000	—
Second Servings of Houston	2015-73	Assistance in purchasing a refrigerated van and hiring a driver in order to re-purpose food from restaurants, caterers and hotels, delivering it to agencies that will use the food to serve some of the 19% of the Houston population that routinely goes hungry.	PC	—	60,000	—	60,000
Settlement Club/dba The Settlement Home	2015-42	Assistance in installing a solar energy system throughout the Settlement Home's 10-acre campus in order to reduce energy consumption and utility expenses, enabling the agency to better serve children and families with histories of trauma, abuse or neglect.	PC	—	196,805	196,805	—
Settlement Club dba/ The Settlement Home	2015-96	Assistance in augmenting the sustainability of the Home's central mission of providing therapeutic foster care and adoption services for children and youth who have been abused or neglected, through a series of fundraising events celebrating the Settlement Home's 100th anniversary.	PC	—	100,000	—	100,000
Shelter Ministries of Dallas/Austin Street Center	2015-17	Assistance in installing a commercial-grade kitchen that will enable the shelter to provide more nutritious evening meals for the homeless men and women in need, and will facilitate volunteer groups in preparing food for shelter clients.	PC	—	15,000	15,000	—
Shelter Ministries of Dallas/Genesis Women's Shelter	2015-43	Assistance in reversing the damaging effects of domestic abuse on children through the Residential Children's Program, a multi-disciplinary approach to healing trauma through play therapy, counseling, on-site school and case management services for children.	PC	—	25,000	25,000	—
Shriners Hospitals for Children	2015-18	Assistance in purchasing a new surgical laser that will enable the hospital to treat burn survivors with scar tissue in a less invasive and more cost effective method that reduces the patient's pain level and increases their range of motion.	PC	—	90,000	90,000	—
Soldier's Angels	2015-74	Assistance in providing support to military veterans in the Dallas area, especially homeless veterans, including group meals, boxed lunches, hygiene supplies and items identified by the social workers at the Dallas VA Hospital.	PC	—	15,000	15,000	—
Special Olympics Texas, Inc.	2015-97	Assistance in expanding year-round sports training and athletic competition for children and adults with intellectual disability, improving their health, employability, citizenship and social skills while engaging in one of 22 Olympic-style sports activities.	PC	—	75,000	75,000	—
St. Stephen's Episcopal School	2015-72	Assistance in linking the academic, residential and athletic zones of the school campus by extending the Moody Walk.	PC	—	600,000	600,000	—
St. Vincent's House	2014-27	Assistance with the Direct Emergency Assistance program.	PC	25,000	—	25,000	—
St. Vincent's House	2015-95	Assistance with the purchase of a newer vehicle to replace older, unreliable vehicles in order to continue to provide transportation services to low-income residents, especially senior citizens disabled.	PC	—	38,000	—	38,000
Stephen F. Austin State University Foundation, Inc.	2015-19	Assistance in determining the most salt-tolerant and hurricane-resistance varieties of trees, shrubs and other plants for Galveston's climate, using Moody Gardens as the test subject in research that will benefit landscaping throughout the Texas Coast.	PC	—	251,969	83,990	167,979
Sunshine Center, Inc.	2014-46	Improving Sustainability	PC	60,000	—	60,000	—
Texas Health Resources Foundation	2014-47	Assistance with the Texas Health Resources Sexual Assault Nurse Examiner (SANE) Program.	PC	1,200,000	—	300,000	900,000
Texas Language Learning alternatives, Inc./dba Capitol School of Austin	2015-98	Assistance in improving the energy efficiency and noise level in the school by replacing the original windows in the 1960's-era former church, improving the air quality, reducing the outside noise distractions, and reducing utility costs.	PC	—	7,854	—	7,854
Texas Mamma Jamma Ride, Inc.	2015-99	Assistance in underwriting the production of a fund-raising bike ride that benefits nine Central Texas nonprofits serving women who have or are at risk of having breast cancer, providing them with services ranging from diagnosis and counseling to treatment.	PC	—	10,000	—	10,000
Texas Tech Foundation, Inc.	2015-20	Assistance in improving the visitor experience and expanding the educational outreach of the Moody Planetarium by adding six digital planetarium shows, three new laser programs and replacing the console that controls the display.	PC	—	112,996	112,996	—
Texas Woman's University Foundation	2015-101	Assistance, over a two-year period, in developing a campus-wide initiative to improve the health, wellbeing and leadership potential of TWU students through a coordinated plan that includes fitness and recreation opportunities, healthy food choices and curriculum-based learning in the health science programs and clinic.	PC	—	250,000	—	250,000

## THE MOODY FOUNDATION

Grants

December 31, 2015

Recipient		Purpose/description	Tax status	Unpaid at December 31, 2014	2015 Activity		Unpaid at December 31, 2015
					Commitments	Payments	
The Texas Tribune	2015-100	Assistance, over a three-year period, in increasing civic engagement and improving access to detailed, nonpartisan information on issues affecting Texans by expanding in-depth investigative coverage by staff reporters and interns from UT's Moody College of Communications.	PC	\$ —	150,000	50,000	100,000
The Trail Foundation	2015-21	Assistance in developing the former Seaholme Facility, part of a 1950s concrete power plant, into a multi-use public space that complements the existing uses of the Ann and Roy Butler Hike and Bike Trail and create additional lakefront parkland.	PC	—	3,000,000	—	3,000,000
Transitional Learning Center at Galveston	2015-01	Transfer of 1,500 shares of American National Insurance Company (ANICO) common stock to assist with future operational and capital expansion plans.	PC	—	157,500	157,500	—
Transitional Learning Center at Galveston	2015-44	Transfer of 8,307 shares of American National Insurance Company (ANICO) common stock to assist with future operational and capital expansion plans.	PC	—	823,639	823,639	—
Transitional Learning Center at Galveston	2015-77	Transfer of 2,500 shares of American National Insurance Company (ANICO) common stock to assist with future operational and capital expansion plans.	PC	—	253,425	253,425	—
Trinity Episcopal Church	2015-75	Assistance in preserving and restoring the 1882 Eaton Memorial Chapel, enabling the chapel to be used year-round for church and school functions.	PC	—	1,510,981	1,510,981	—
Trinity River Mission, Inc.	2015-102	Assistance in improving the academic and social success of impoverished West Dallas elementary school students through Homework Help program, which offers tutoring, provides tools and resources for completing projects, and teaches emotional managing coping skills.	PC	—	20,000	—	20,000
United Way of Galveston, Inc./ Galveston County Recovery Fund	2012-14	A pledge in the event of a federally declared disaster in Galveston or Galveston County. In the event no disaster throughout the one-year period of commitment, the Fund requests the memorandum of understanding and commitment of funds be renewed annually.	PC	50,000	—	—	50,000
University of Texas at Austin/ College of Communication Department of Radio-Television-Film	2012-56	Assistance, over a five-year period, in developing a university curriculum in 3-dimensional film and television production.	GOV	787,793	—	376,547	411,246
University of Texas at Austin/ College of Communication	2013-26	Assistance over a ten-year period, endowing the Moody College of Communication.	GOV	22,000,000	—	12,000,000	10,000,000
University of Texas at Austin/ College of Communication Department of Radio-Television-Film	2015-45	Assistance in creating a permanent endowment that will fund the Roderick P. Hart Student Achievement Awards, annually recognizing outstanding undergraduate, graduate and doctoral students in each of Moody College's five academic departments.	GOV	—	25,000	25,000	—
UTMB/Miscellaneous	2012-21	Assistance, over a five-year period, in building a new hospital as part of the "Working Wonders" capital campaign.	GOV	6,600,000	—	3,300,000	3,300,000
UTMB/Miscellaneous	2013-27	Assistance, over a three-year period, in creating the Moody Institute for Transitional Traumatic Brain Injury Research.	GOV	3,000,000	—	3,000,000	—
University of Texas Medical Branch at Galveston/Institute for the Medical Humanities	2015-103	Assistance, over a three-year period, in presenting the Russell and Robert Moody Sr. Lecture Series addressing a wide public audience on all aspects of brain health from prenatal development to trauma and aging.	GOV	—	226,390	—	226,390
Visiting Nurse Association of Texas	2014-49	Assistance with the VNA Meals on Wheels program.	PC	100,000	—	50,000	50,000
Warren Center, Inc.	2015-76	Assistance in preparing pre-school children with physical or intellectual disabilities for success in school and in life by providing for communication, social skill, motor/coordination or sensory processing deficits when they are 3-5 years old.	PC	—	25,000	25,000	—
Wesley-Rankin Community Center, Inc.	2015-46	Assistance in offering after-school programs for students in grades K-12 that provide academic enrichment, tutoring, mentoring and character development in order to help West Dallas children improve school performance, explore creative arts, and prepare for college.	PC	—	20,000	20,000	—
Yaga's Children's Fund	2015-47	Assistance in awarding grants to Galveston County nonprofit organizations that address children's issues, through underwriting the 19th Annual Yaga's Children's Fund Wild Game Cookoff.	PC	—	30,000	30,000	—
YMCA of Metropolitan Dallas	2013-29	Assistance in constructing a new Park Cities YMCA with additional space for programming adult activities and the Rise School.	PC	6,000,000	—	4,000,000	2,000,000
Young Women's Christian Association-Dallas	2015-104	Assistance in breaking the cycle of generational poverty by providing one-on-one parenting education, health assessments, mentoring and referrals to at-risk first-time mothers, helping to avoid low birth weight and premature babies, reduce child neglect and developed healthy babies and more self-sufficient mothers.	PC	—	30,000	—	30,000
					<u>110,042,972</u>	<u>26,067,008</u>	<u>66,361,564</u>
		Grants lapsed or withdrawn			33,300		
		Payments between prior year-end and withdrawal			—		
				\$	<u>110,076,272</u>		

\* The Moody Scholars Program awards scholarships to individual students pursuant to a scholarship program approved by the IRS in a private letter ruling.

No scholarship recipient is related to any Foundation manager, substantial contributor or disqualified person.

See accompanying independent auditors' report.