



REPORT OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS

**MEYER MEMORIAL TRUST AND SUBSIDIARY**

March 31, 2021 and 2020

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## **Report of Independent Auditors**

The Board of Trustees  
Meyer Memorial Trust

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Meyer Memorial Trust and Subsidiary (collectively, the Trust), which comprise the consolidated statements of financial position as of March 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Meyer Memorial Trust and Subsidiary as of March 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

Portland, Oregon  
September 24, 2021

## Meyer Memorial Trust and Subsidiary Consolidated Statements of Financial Position

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### ASSETS

	March 31,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,209,683	\$ 40,562,817
Accrued interest receivable and other assets	3,436,903	1,633,325
Investments	996,478,230	672,608,697
Program-related investments	11,073,884	11,327,171
Fixed assets, net	20,224,098	13,910,951
Total assets	\$ 1,046,422,798	\$ 740,042,961

### LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,394,664	\$ 1,345,248
Taxes payable, net	4,870,445	1,011,396
Grants payable	9,310,307	9,804,094
Loan payable	15,000,000	7,241,071
Total liabilities	30,575,416	19,401,809
<b>NET ASSETS</b>		
Net assets without donor restrictions	1,015,847,382	720,641,152
Total net assets	1,015,847,382	720,641,152
Total liabilities and net assets	\$ 1,046,422,798	\$ 740,042,961

**Meyer Memorial Trust and Subsidiary**  
**Consolidated Statements of Activities and**  
**Changes in Net Assets**

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	Years Ended March 31,	
	2021	2020
INVESTMENT RETURN, NET		
Interest	\$ 3,522,917	\$ 3,720,629
Dividends	3,477,446	4,302,585
Other investment income	177,113	72,815
Realized gains	91,356,842	82,945,069
Unrealized gains (losses)	248,320,619	(88,637,964)
Investment fees and expenses	(3,209,112)	(3,113,233)
Provision for federal taxes	(4,220,513)	(237,825)
	<u>339,425,312</u>	<u>(947,924)</u>
Investment return, net		
EXPENSES		
Program services	42,809,564	38,134,192
Support services	1,409,518	1,626,663
	<u>44,219,082</u>	<u>39,760,855</u>
Total expenses		
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	295,206,230	(40,708,779)
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>720,641,152</u>	<u>761,349,931</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u><u>\$ 1,015,847,382</u></u>	<u><u>\$ 720,641,152</u></u>

## Meyer Memorial Trust and Subsidiary Consolidated Statements of Functional Expenses

	Year Ended March 31, 2021		
	Program Services	Support Services	Total
Grants awarded	\$ 34,581,689	\$ -	\$ 34,581,689
Personnel	5,818,689	1,001,370	6,820,059
Professional services fees	1,019,947	211,907	1,231,854
Facility and occupancy	664,928	112,156	777,084
Board expenses	257,923	-	257,923
Technology	174,786	29,482	204,268
Travel, professional development and meetings	87,773	38,994	126,767
Other expenses	203,829	15,609	219,438
	\$ 42,809,564	\$ 1,409,518	\$ 44,219,082
	Year Ended March 31, 2020		
	Program Services	Support Services	Total
Grants awarded	\$ 30,191,005	\$ -	\$ 30,191,005
Personnel	5,474,454	1,096,247	6,570,701
Professional services fees	1,178,752	305,900	1,484,652
Travel, professional development and meetings	447,337	105,216	552,553
Facility and occupancy	402,421	78,521	480,942
Board expenses	227,238	-	227,238
Technology	146,339	28,573	174,912
Other expenses	66,646	12,206	78,852
	\$ 38,134,192	\$ 1,626,663	\$ 39,760,855

## Meyer Memorial Trust and Subsidiary

### Consolidated Statements of Cash Flows

	Years Ended March 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 295,206,230	\$ (40,708,779)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation expense	216,314	-
Net realized and unrealized (gains) losses on investments	(339,677,461)	5,692,895
Deferred taxes payable	3,937,516	(1,240,932)
Loss on program-related investments	107,143	-
Changes in assets and liabilities		
Accrued interest receivable and other assets	(1,803,578)	(1,314,838)
Accounts payable and accrued expenses	49,416	177,648
Current taxes payable	(78,467)	946,151
Grants payable	(493,787)	(836,416)
Net cash used by operating activities	<u>(42,536,674)</u>	<u>(37,284,271)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	299,180,102	262,506,599
Purchases of investments	(283,372,174)	(198,565,062)
Payments received from program-related investments	146,144	3,931,764
Payments for building construction	(6,529,461)	(7,803,985)
Net cash provided by investing activities	<u>9,424,611</u>	<u>60,069,316</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from draws on loan	<u>7,758,929</u>	<u>7,241,071</u>
Net cash provided by financing activities	<u>7,758,929</u>	<u>7,241,071</u>
NET CHANGE IN CASH	(25,353,134)	30,026,116
CASH AND CASH EQUIVALENTS, beginning of year	<u>40,562,817</u>	<u>10,536,701</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 15,209,683</u>	<u>\$ 40,562,817</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for grants	<u>\$ 35,277,426</u>	<u>\$ 31,027,421</u>
Cash paid during the year for excise and unrelated business income taxes	<u>\$ 462,000</u>	<u>\$ 533,000</u>



# **Meyer Memorial Trust and Subsidiary**

## **Notes to Consolidated Financial Statements**

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### **Note 1 – Organization**

Meyer Memorial Trust was the residuary beneficiary of the Estate of Fred G. Meyer and was formed on April 1, 1982, as a charitable trust under the laws of Oregon. Upon its formation, total contributions from the Estate aggregated \$126,199,492. Meyer Memorial Trust works with and invests in organizations, communities, ideas and efforts that contribute to a flourishing and equitable Oregon.

On December 7, 2017, Meyer Memorial Trust formed 2045 N Vancouver, LLC (the Subsidiary), an Oregon Limited Liability Company, for the purposes of the purchase and ownership of real property that was developed to house Meyer Memorial Trust's headquarters. Meyer Memorial Trust is the single member of the Subsidiary.

### **Note 2 – Significant Accounting Policies**

#### **Principles of consolidation**

The accompanying financial statements consolidate the statements of Meyer Memorial Trust and the Subsidiary (collectively, the Trust). Inter-organization balances and transactions have been eliminated in consolidation.

#### **Basis of presentation**

The Trust presents its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. For the years ended March 31, 2021 and 2020, activities of the Trust were classified as without donor restrictions due to the lack of donor-imposed restrictions.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and cash held in bank and money market accounts. At times, such amounts may be in excess of the federal insurance limits. Management believes that risk with respect to these balances is minimal due to the high credit quality of these institutions. The Trust has not experienced any losses in such accounts to date.

#### **Program-related investments**

The Trust makes program-related investments to other organizations to achieve charitable purposes in alignment with the Trust's strategies. These investments are comprised primarily of low or noninterest bearing loans (Note 6).

# Meyer Memorial Trust and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 2 – Significant Accounting Policies (continued)

#### Investments

The long-term investment goal of the Trust is to invest its assets in a manner that will achieve a total rate of return sufficient to replace the assets spent for grants and expenses and to recoup any value lost due to inflation. To achieve this goal, some investment risk is taken. To minimize such risk, the Trust diversifies its investments among various financial instruments and asset categories, while utilizing multiple investment strategies and investment managers. All financial assets are held in custody for the Trust in proprietary accounts by a major trust company, except those assets that have been invested in limited partnerships, hedge funds or in certain products with multiple investors, all of which have separate custodial arrangements appropriate to their legal structure.

Investments consist of traditional assets such as cash, stocks and bonds, as well as alternative investment funds, including hedge funds, private equity, real estate, venture capital and commodities.

The Trust records investments in accordance with Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are as follows:

**Level 1** – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access at the measurement date.

**Level 2** – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

**Level 3** – Inputs that are unobservable.

An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Trust considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment only and should not be considered analogous to risk.

# Meyer Memorial Trust and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 2 – Significant Accounting Policies (continued)

The Trust measures the fair value of investments that do not have readily determinable fair values on the basis of the net asset value (NAV) per share, or its equivalent, as a practical expedient for measuring fair value. The Trust performs due diligence reviews of the NAV in the capital accounts with its investment managers to ensure conformity with U.S. GAAP. The Trust assesses factors including, but not limited to, managers' compliance with fair value measurement standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date. NAV is determined by audited financial statements of the investments and quarterly valuation updates provided by investment managers. The NAV of an investment may be adjusted to reflect illiquidity or non-transferability of an investment.

Realized and unrealized gains and losses on investments are reflected in the consolidated statements of activities and changes in net assets without donor restrictions.

#### Fixed assets

Acquisitions of fixed assets in excess of \$1,000 are capitalized and are recorded at cost. Land and Art have been determined to have indefinite useful lives and are not depreciated. Depreciable fixed assets are depreciated using the straight-line method of depreciation using the following asset lives:

Building	39 years
Building improvements	20-25 years
Furniture and fixtures	7 years
Equipment	5 years

#### Grants payable

Grant expense is recognized in the period the grant is approved by the Trustees provided the grant has no specified conditions to be met in a future period. For conditional grants, the grant expense and payable are recognized in the period when the specified conditions are met. If the recipients fail to meet these conditions, or if grant program needs are less than the amount approved, grants may be canceled or refunded. These cancellations or refunds are recognized in the year in which they occur.

#### Use of estimates

The preparation of financial statements, in conformity with 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 financial statements and the reported changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates. The fair value of investments is a significant estimate and can change dramatically. This could have a significant effect on these consolidated financial statements.

#### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In general, the expenses that are allocated are based upon the percentage of staff's direct and indirect time related to providing grants and programs.

# Meyer Memorial Trust and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 2 – Significant Accounting Policies (continued)

#### Recently adopted accounting standards

During the year, the Trust adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This guidance is intended to improve the effectiveness of disclosures in the notes to the consolidated financial statements by facilitating clear communication of the information required that is most important to users of the consolidated financial statements. ASU No. 2018-13 modifies the disclosure requirements on fair value measurements founded within ASC Topic 820 Fair Value Measurements, including streamlining disclosures related to transfers between Level 1 and Level 2 classifications, and simplifying disclosures for Level 3 assets and liabilities. The Trust's fair value disclosures in Note 5 reflect the changes required by ASU No. 2018-13.

#### Subsequent events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Trust recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Trust's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued. The Trust has evaluated subsequent events through September 24, 2021, which is the date the consolidated financial statements were available to be issued.

### Note 3 – Liquidity and Availability

Financial assets consisting of cash, cash equivalents and other assets readily accessible to meet cash needs for general expenditures within one year of the consolidated statements of financial position date are as follows at March 31:

	2021	2020
Cash and cash equivalents	\$ 15,209,683	\$ 40,562,817
Interest receivable	3,185,273	1,519,521
Level 1 and Level 2 investments	691,660,778	503,658,671
Total financial assets available within one year	710,055,734	545,741,009
Less: required collateral balance related to loan payable	(16,670,000)	(16,670,000)
	<u>\$ 693,385,734</u>	<u>\$ 529,071,009</u>

## Meyer Memorial Trust and Subsidiary Notes to Consolidated Financial Statements

### Note 3 – Liquidity and Availability (continued)

The Trust structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. In accordance with the Trust's loan agreement, collateral for the loan consists of a US Treasuries investment account that must contain a minimum of \$16,670,000.

### Note 4 – Investments

Investments are summarized as follows as of March 31:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
U.S. cash and short term investment funds	\$ 13,922,816	\$ 13,922,816	\$ 5,254,181	\$ 5,254,181
U.S. equities and funds	117,139,709	172,915,415	113,022,001	115,960,239
International equities and funds	236,548,170	426,316,635	193,206,484	254,693,943
	353,687,879	599,232,050	306,228,485	370,654,182
U.S. government obligations	38,732,997	41,223,416	72,723,601	92,974,401
Fixed income funds	31,438,823	37,282,496	31,438,823	34,775,907
	70,171,820	78,505,912	104,162,424	127,750,308
Hedge funds	935,010	958,532	2,924,949	2,478,827
Private equity	46,227,114	71,545,374	34,535,779	38,790,341
Real assets	33,448,752	34,009,294	6,741,584	7,446,371
Distressed	8,566,090	12,948,690	7,794,123	9,683,396
Mission-related	20,758,051	23,242,207	15,416,364	16,692,150
Venture capital	107,595,902	153,940,191	97,963,321	88,887,822
Fixed income	7,653,788	8,173,164	6,402,690	4,971,119
	225,184,707	304,817,452	171,778,810	168,950,026
Total investments	<u>\$ 662,967,222</u>	<u>\$ 996,478,230</u>	<u>\$ 587,423,900</u>	<u>\$ 672,608,697</u>

## **Meyer Memorial Trust and Subsidiary**

### **Notes to Consolidated Financial Statements**

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#### **Note 5 – Fair Value Measurements**

The Trust used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the consolidated financial statements:

*Investments* – Investments are comprised of equity and debt securities, commingled funds, and alternative investments at March 31, 2021 and 2020. Debt and equity securities fair values are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Alternative investments are valued on the basis of the net asset value (NAV) per share, or its equivalent, as a practical expedient for measuring fair value. Investments measured at NAV are not included in the fair value hierarchy. Alternative investments are reported at NAV as reported by the general partner or investment manager unless specific evidence indicates the NAV should be adjusted. The valuation methods utilized by the investment managers are subject to regular review by the Trust. There were no changes in the valuation methodologies or assumptions used by the Trust for the years ended March 31, 2021 and 2020.

## Meyer Memorial Trust and Subsidiary Notes to Consolidated Financial Statements

### Note 5 – Fair Value Measurements (continued)

The fair value of the Trust's investments based on the fair value hierarchy was as follows as of:

	March 31, 2021			Total
	Level 1	Level 2	Level 3	
U.S. cash and short term investment funds	\$ 13,922,816	\$ -	\$ -	\$ 13,922,816
U.S. equities and funds	172,915,415	-	-	172,915,415
International equities and funds	276,877,928	149,438,707	-	426,316,635
U.S. government obligations	41,223,416	-	-	41,223,416
Fixed income funds	37,282,496	-	-	37,282,496
<b>Total investments in the fair value hierarchy</b>	<b>\$ 542,222,071</b>	<b>\$ 149,438,707</b>	<b>\$ -</b>	<b>691,660,778</b>
Investments measured at NAV <sup>(a)</sup>				<u>304,817,452</u>
Investments at fair value				<u>\$ 996,478,230</u>
	March 31, 2020			
	Level 1	Level 2	Level 3	Total
U.S. cash and short term investment funds	\$ 5,254,181	\$ -	\$ -	\$ 5,254,181
U.S. equities and funds	115,960,239	-	-	115,960,239
International equities and funds	127,706,259	126,987,684	-	254,693,943
U.S. government obligations	78,694,560	14,279,841	-	92,974,401
Fixed income funds	34,775,907	-	-	34,775,907
<b>Total investments in the fair value hierarchy</b>	<b>\$ 362,391,146</b>	<b>\$ 141,267,525</b>	<b>\$ -</b>	<b>503,658,671</b>
Investments measured at NAV <sup>(a)</sup>				<u>168,950,026</u>
Investments at fair value				<u>\$ 672,608,697</u>

<sup>(a)</sup> In accordance with ASU 2015-07, *Fair Value Measurement* (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

## Meyer Memorial Trust and Subsidiary

### Notes to Consolidated Financial Statements

#### Note 5 – Fair Value Measurements (continued)

The following table lists, by category, private investments in partnerships and managed accounts for which fair value is measured using the NAV per share practical expedient by concentration, summarizes significant terms of the agreements with certain investment companies, and discloses unfunded investment commitments:

Strategy	Fair Value March 31, 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Alternative illiquid funds					
Hedge funds	\$ 958,532	\$ -	Pre-set basis, generally quarterly after "lock up" periods as stated in hedge fund agreements	Various	"Lock up" periods of 90 days to 12 months
Partnerships					
Private equity	71,545,374	32,026,375	N/A*	N/A*	N/A*
Real assets	34,009,294	45,522,311	N/A*	N/A*	N/A*
Distressed	12,948,690	3,495,209	N/A*	N/A*	N/A*
Mission-related	23,242,207	6,753,139	N/A*	N/A*	N/A*
Venture capital	153,940,191	36,020,270	N/A*	N/A*	N/A*
Fixed income	8,173,164	9,346,212	N/A*	N/A*	N/A*
	<u>\$ 304,817,452</u>	<u>\$ 133,163,516</u>			

\* These funds are investments in partnerships with no ability to be redeemed as of March 31, 2021. Generally, terms are approximately ten years plus several extension options. Following the investment period, the general partners sell assets of the partnerships over the partnerships' remaining terms and distribute funds to partners as mandated in the partnership agreements. The Trust generally cannot redeem its interest in a partnership prior to the termination date of the partnership.

The investment classes were adopted to manage investment allocations, risk, and expected returns. Hedge funds includes private investments to diversify the portfolio, dampen volatility, and provide equity-like returns over the long run. Private equity includes private investments in leveraged buyouts and similar assets to provide high rates of return and diversification of the endowment. Real assets includes investments in infrastructure, real estate, and natural resources. The primary purpose is to provide strong, equity-like returns while providing sensitivity to inflation. Distressed includes private investments to provide high rates of return and diversification of the endowment. Mission-related includes regional investments to achieve market-rate returns and economic impact that also align with Meyer's mission to cultivate a flourishing and equitable Oregon. Venture capital includes private investments to provide high rates of return and diversification of the endowment. Fixed income includes investments to provide a hedge against deflation, a source of current income, and diversification of the endowment.



## Meyer Memorial Trust and Subsidiary Notes to Consolidated Financial Statements

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### Note 6 – Program-Related Investments

Program-related investments consist primarily of loans made by the Trust to support activities consistent with its mission. The loans are recorded at the principal amounts outstanding, net of a discount or a reasonable loss reserve. There were 11 loans outstanding as of March 31, 2021 and 2020. Principal amounts outstanding range from \$100,000 to \$4,000,000, bear interest at rates from 0.0% to 2.0%, and mature between 2021 and 2025. Interest income totaling \$127,942 and \$170,874 was earned on program-related investments during the years ended March 31, 2021 and 2020, respectively.

A loan loss reserve is established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of program-related investment recipients to repay the amounts in accordance with the terms of the agreement. Balances are written off only when they are deemed to be uncollectible. There was no loan loss reserve as of March 31, 2021 and 2020 as management considers all existing program-related investments collectible, and there are no loans that are past due. There were no committed but not yet funded loans as of March 31, 2021 and 2020. The discount on program-related investments has been determined to be insignificant and is not recorded.

### Note 7 – Fixed Assets

Fixed assets were as follows at March 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 5,033,575	\$ 4,959,362
Building	14,011,641	-
Building improvements	465,518	-
Furniture and fixtures	631,425	-
Equipment	239,841	-
Art	58,412	-
Construction in process	-	8,951,589
Less: accumulated depreciation	<u>(216,314)</u>	<u>-</u>
Total investment in fixed assets	<u>\$ 20,224,098</u>	<u>\$ 13,910,951</u>

Depreciation expense of \$216,314 and \$0 was recorded for the years ended March 31, 2021 and 2020, respectively.

## Meyer Memorial Trust and Subsidiary

### Notes to Consolidated Financial Statements

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#### Note 8 – Federal Taxes

Meyer Memorial Trust is a private foundation as defined under section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, subject to a federal excise tax on its net investment income. The federal excise tax rate for the years ended March 31, 2021 and 2020 for the Trust was 1.39% and 1.00%, respectively. Additionally, the Trust is subject to federal tax on unrelated business income. As a single-member LLC, the Subsidiary is disregarded as a separate entity for federal tax purposes.

The Trust recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Trust recognizes interest and penalties, if any, related to income tax matters in tax expense. The Trust had no unrecognized tax benefits at March 31, 2021 or 2020. No interest and penalties were accrued for the years ended March 31, 2021 or 2020.

The Trust files income tax returns with the U.S. Government and in several state jurisdictions as necessary.

The provision for federal taxes was composed of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Current tax expense	\$ 282,997	\$ 1,478,757
Deferred tax (benefit) expense	<u>3,937,516</u>	<u>(1,240,932)</u>
Provision for federal taxes	<u>\$ 4,220,513</u>	<u>\$ 237,825</u>

Federal taxes payable was composed of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Current	\$ 234,606	\$ 313,074
Deferred	<u>4,635,839</u>	<u>698,322</u>
Taxes payable, net	<u>\$ 4,870,445</u>	<u>\$ 1,011,396</u>

The deferred tax expense consists of excise tax on unrealized gains on investments. The Trust paid approximately \$462,000 and \$533,000 in excise and unrelated business income taxes for the years ended March 31, 2021 and 2020, respectively.

## Meyer Memorial Trust and Subsidiary Notes to Consolidated Financial Statements

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### Note 9 – Grants Payable

Grants payable represent all unconditional grants that have been authorized prior to year-end, but remain unpaid as of year-end. Conditional grants are expensed in the period the conditions are substantially satisfied. There were no conditional grants at March 31, 2021 or 2020.

Grants payable over more than a one-year period are reflected at the present value of estimated future payments. Management has estimated the discount to be insignificant. Grants payable at March 31, 2021 are payable during the following periods:

For the year ending March 31,	2022	\$ 9,290,307
	2023	<u>20,000</u>
	Total grants payable	<u>\$ 9,310,307</u>

### Note 10 – Loans Payable

In June 2019, the Trust entered into a nonrevolving loan agreement, with a credit limit of \$15,000,000. The proceeds from the loan were used to construct, improve, and equip the headquarters office building for the Trust. At the conclusion of the construction period, March 31, 2021, the Trust will begin making equal monthly principal and interest payments of \$83,068, until the loan maturity date, July 1, 2034, at which a balloon payment of \$8,209,671 is due. The Trust has the option to pay off the loan without a prepayment penalty. Collateral for the loan consists of a U.S. Treasuries investment account that must contain a minimum of 110% of the outstanding principal balance of the loan. The loan agreement also includes certain financial covenants related to liquidity.

### Note 11 – Line of Credit

On February 1, 2021, the Trust entered into a revolving line of credit agreement with The Northern Trust Company with a maximum borrowing limit of \$15,000,000. The line of credit expires on January 31, 2022. There is no outstanding balance owed on the line as of March 31, 2021.

### Note 12 – Retirement Plans

The Trust offers a 401(k) plan for all employees who work 1,000 hours or more in a service year. During the years ended March 31, 2021 and 2020, the Trust contributed \$845,360 and \$841,883, respectively, to the plan.

The 401(k) qualified plan is legally limited to a certain contribution for each employee and there is a salary limitation imposed by the Internal Revenue Code. As a result, the Trust sponsors 457(b) and 457(f) plans for select management employees, who are impacted by limits imposed by the Internal Revenue Code. The 457(b) and 457(f) plans were established during fiscal year 2021. As of March 31, 2021, the balances of the 457(b) and 457(f) plans are \$60,372 and \$199,955, respectively.

## **Meyer Memorial Trust and Subsidiary**

### **Notes to Consolidated Financial Statements**

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#### **Note 13 – Concentrations**

The Trust maintains portions of its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Trust has not experienced any losses in such accounts to date.

The Trust invests in marketable securities and in non-marketable funds and limited partnerships. These funds and partnerships, in turn, hold a variety of marketable and non-marketable investments, including equity ownership interests in private companies and real property. Investments securities, in general, are exposed to various risks, such as interest rate, market volatility, and credit risks and investments in funds and partnerships are exposed to additional risks such as liquidity and marketability.

Due to the level of risks associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the value of the amounts reported in the consolidated statements of financial position.

#### **Note 14 – Risks and Uncertainties**

Since March 2020, financial markets and economic conditions have seen significant volatility as a result of the COVID-19 global pandemic. The extent of the impact of COVID-19 on the Trust's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact to grantees and vendors, all of which are uncertain and cannot be predicted. As such, the extent of which COVID-19 may impact the Trust's financial position and results of operations cannot be reasonably estimated at this time.



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