



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

MEYER MEMORIAL TRUST AND SUBSIDIARY

March 31, 2022 and 2021

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Report of Independent Auditors

The Board of Trustees
Meyer Memorial Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Meyer Memorial Trust and Subsidiary (collectively, the Trust), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Meyer Memorial Trust and Subsidiary as of March 31, 2022 and 2021 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meyer Memorial Trust and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Moss Adams LLP

Portland, Oregon
September 14, 2022

Meyer Memorial Trust and Subsidiary
Consolidated Statements of Financial Position

ASSETS

	March 31,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 31,175,324	\$ 15,209,683
Accrued interest receivable and other assets	819,520	3,436,903
Investments	945,163,613	996,478,230
Program-related investments, net	10,626,804	11,073,884
Fixed assets, net	19,801,197	20,224,098
Total assets	\$ 1,007,586,458	\$ 1,046,422,798

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,486,702	\$ 1,394,664
Taxes payable, net	3,483,661	4,870,445
Grants payable	28,650,273	9,310,307
Loan payable	14,600,791	15,000,000
Total liabilities	48,221,427	30,575,416
NET ASSETS		
Net assets without donor restrictions	959,365,031	1,015,847,382
Total net assets	959,365,031	1,015,847,382
Total liabilities and net assets	\$ 1,007,586,458	\$ 1,046,422,798

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

	Years Ended March 31,	
	<u>2022</u>	<u>2021</u>
INVESTMENT RETURN, NET		
Interest	\$ 1,103,383	\$ 1,445,575
Dividends	3,704,304	3,477,446
Other investment income	7,376	177,113
Realized gains	90,956,230	91,356,842
Unrealized (losses) gains	(75,251,440)	250,397,961
Investment fees and expenses	(3,714,054)	(3,209,112)
Provision for federal taxes	(1,174,192)	(4,220,513)
	<u>15,631,607</u>	<u>339,425,312</u>
Investment return, net		
EXPENSES		
Program services	70,161,139	42,809,564
Support services	1,952,819	1,409,518
	<u>72,113,958</u>	<u>44,219,082</u>
Total expenses		
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(56,482,351)	295,206,230
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>1,015,847,382</u>	<u>720,641,152</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 959,365,031</u>	<u>\$ 1,015,847,382</u>

Meyer Memorial Trust and Subsidiary Consolidated Statements of Functional Expenses

	Year Ended March 31, 2022		
	Program Services	Support Services	Total
Grants awarded	\$ 61,187,627	\$ -	\$ 61,187,627
Personnel	5,677,269	1,433,171	7,110,440
Professional services fees	1,216,484	190,308	1,406,792
Facility and occupancy	1,203,744	243,348	1,447,092
Other expenses	359,305	13,692	372,997
Board expenses	224,437	-	224,437
Technology	184,663	37,331	221,994
Travel, professional development and meetings	107,610	34,969	142,579
	\$ 70,161,139	\$ 1,952,819	\$ 72,113,958
	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
Other expenses	203,829	15,609	219,438
Board expenses	257,923	-	257,923
Technology	174,786	29,482	204,268
Travel, professional development and meetings	87,773	38,994	126,767
	\$ 42,809,564	\$ 1,409,518	\$ 44,219,082

Meyer Memorial Trust and Subsidiary

Consolidated Statements of Cash Flows

	Years Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (56,482,351)	\$ 295,206,230
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation expense	520,332	216,314
Net realized and unrealized gains on investments	(15,704,790)	(339,677,461)
Deferred taxes (receivable) payable	(621,000)	3,937,516
Loss on program-related investments	290,302	107,143
Changes in assets and liabilities		
Accrued interest receivable and other assets	2,617,383	(1,803,578)
Accounts payable and accrued expenses	92,038	49,416
Current taxes payable	(765,784)	(78,467)
Grants payable	19,339,966	(493,787)
Net cash used by operating activities	<u>(50,713,904)</u>	<u>(42,536,674)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	161,986,238	299,180,102
Purchases of investments	(94,966,831)	(283,372,174)
Payments received from program-related investments	156,778	146,144
Payments for building construction	(97,431)	(6,529,461)
Net cash provided by investing activities	<u>67,078,754</u>	<u>9,424,611</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from draws on loan	-	7,758,929
Loan repayments	(399,209)	-
Net cash (used by) provided by financing activities	<u>(399,209)</u>	<u>7,758,929</u>
NET CHANGE IN CASH	15,965,641	(25,353,134)
CASH AND CASH EQUIVALENTS, beginning of year	<u>15,209,683</u>	<u>40,562,817</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 31,175,324</u>	<u>\$ 15,209,683</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for grants	<u>\$ 41,847,661</u>	<u>\$ 35,277,426</u>
Cash paid during the year for excise and unrelated business income taxes	<u>\$ 2,150,000</u>	<u>\$ 462,000</u>

Meyer Memorial Trust and Subsidiary Notes to Consolidated Financial Statements

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 accelerates racial, social and economic justice for the collective well-being of Oregon's lands and peoples.

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, 2022 and 2021, 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

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

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

Note 2 – Significant Accounting Policies (continued)

Reclassifications

Certain account reclassifications have been made to the financial statements of the prior year in order to conform to the current year presentation. These reclassifications had no impact on the total net assets or change in net assets for the year ended March 31, 2021.

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 14, 2022, 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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 31,175,324	\$ 15,209,683
Interest receivable	135,027	3,185,273
Level 1 and Level 2 investments	<u>580,234,788</u>	<u>691,660,778</u>
Total financial assets available within one year	<u>611,545,139</u>	<u>710,055,734</u>
Less: required collateral balance related to loan payable	<u>(16,670,000)</u>	<u>(16,670,000)</u>
	<u>\$ 594,875,139</u>	<u>\$ 693,385,734</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:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
U.S. cash and short term investment funds	\$ 4,741,329	\$ 4,741,329	\$ 13,922,816	\$ 13,922,816
U.S. equities and funds	125,079,378	184,223,351	117,139,709	172,915,415
International equities and funds	218,612,206	319,449,860	236,548,170	426,316,635
	343,691,584	503,673,211	353,687,879	599,232,050
U.S. government obligations	39,712,148	40,775,984	38,732,997	41,223,416
Fixed income funds	26,959,375	31,044,264	31,438,823	37,282,496
	66,671,523	71,820,248	70,171,820	78,505,912
Hedge funds	-	-	935,010	958,532
Private equity	61,186,731	110,512,827	46,227,114	71,545,374
Real assets	39,505,968	42,205,912	33,448,752	34,009,294
Distressed	7,288,717	14,145,900	8,566,090	12,948,690
Mission-related	36,304,196	40,411,736	20,758,051	23,242,207
Venture capital	105,050,823	146,147,863	107,595,902	153,940,191
Fixed income	10,430,194	11,504,587	7,653,788	8,173,164
	259,766,629	364,928,825	225,184,707	304,817,452
Total investments	<u>\$ 674,871,065</u>	<u>\$ 945,163,613</u>	<u>\$ 662,967,222</u>	<u>\$ 996,478,230</u>

Meyer Memorial Trust and Subsidiary

Notes to Consolidated Financial Statements

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, 2022 and 2021. 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, 2022 and 2021.

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, 2022			Total
	Level 1	Level 2	Level 3	
U.S. cash and short term investment funds	\$ 4,741,329	\$ -	\$ -	\$ 4,741,329
U.S. equities and funds	184,223,351	-	-	184,223,351
International equities and funds	180,194,821	139,255,039	-	319,449,860
U.S. government obligations	40,775,984	-	-	40,775,984
Fixed income funds	31,044,264	-	-	31,044,264
Total investments in the fair value hierarchy	\$ 440,979,749	\$ 139,255,039	\$ -	580,234,788
Investments measured at NAV ^(a)				<u>364,928,825</u>
Investments at fair value				<u>\$ 945,163,613</u>
	March 31, 2021			
	Level 1	Level 2	Level 3	Total
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
Total investments in the fair value hierarchy	\$ 542,222,071	\$ 149,438,707	\$ -	691,660,778
Investments measured at NAV ^(a)				<u>304,817,452</u>
Investments at fair value				<u>\$ 996,478,230</u>

^(a) 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, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Partnerships					
Private equity	\$ 110,512,827	\$ 44,976,971	N/A*	N/A*	N/A*
Real assets	42,205,912	39,683,002	N/A*	N/A*	N/A*
Distressed	14,145,900	2,490,285	N/A*	N/A*	N/A*
Mission-related	40,411,736	4,060,084	N/A*	N/A*	N/A*
Venture capital	146,147,863	28,807,413	N/A*	N/A*	N/A*
Fixed income	11,504,587	8,686,252	N/A*	N/A*	N/A*
	<u>\$ 364,928,825</u>	<u>\$ 128,704,007</u>			

* These funds are investments in partnerships with no ability to be redeemed as of March 31, 2022. 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 accelerate racial, social and economic justice for the collective well-being of Oregon's lands and peoples. 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

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 10 and 11 loans outstanding as of March 31, 2022 and 2021. Principal amounts outstanding range from \$53,000 to \$4,000,000, bear interest at rates from 0.0% to 2.0%, and mature between 2022 and 2025. Interest income totaling \$124,388 and \$127,942 was earned on program-related investments during the years ended March 31, 2022 and 2021, 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, 2022 and 2021, respectively. There were no committed but not yet funded loans as of March 31, 2022 and 2021. 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>2022</u>	<u>2021</u>
Land	\$ 5,033,575	\$ 5,033,575
Building	14,083,547	14,011,641
Building improvements	480,518	465,518
Furniture and fixtures	631,425	631,425
Equipment	239,841	239,841
Art	58,412	58,412
Construction in process	10,525	-
Less: accumulated depreciation	<u>(736,646)</u>	<u>(216,314)</u>
Total investment in fixed assets	<u><u>\$ 19,801,197</u></u>	<u><u>\$ 20,224,098</u></u>

Depreciation expense of \$520,332 and \$216,314 was recorded for the years ended March 31, 2022 and 2021, respectively.

Meyer Memorial Trust and Subsidiary

Notes to Consolidated Financial Statements

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, 2022 and 2021 for the Trust was 1.39%, 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, 2022 or 2021. No interest and penalties were accrued for the years ended March 31, 2022 or 2021.

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>2022</u>	<u>2021</u>
Current tax expense	\$ 1,795,192	\$ 282,997
Deferred tax (benefit) expense	<u>(621,000)</u>	<u>3,937,516</u>
Provision for federal taxes	<u>\$ 1,174,192</u>	<u>\$ 4,220,513</u>

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

	<u>2022</u>	<u>2021</u>
Current	\$ (106,183)	\$ 234,606
Deferred	<u>3,589,844</u>	<u>4,635,839</u>
Taxes payable, net	<u>\$ 3,483,661</u>	<u>\$ 4,870,445</u>

The deferred tax expense consists of excise tax on unrealized gains on investments. The Trust paid approximately \$2,150,000 and \$462,000 in excise and unrelated business income taxes for the years ended March 31, 2022 and 2021, respectively.

Meyer Memorial Trust and Subsidiary Notes to Consolidated Financial Statements

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, 2022 or 2021.

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, 2022 are payable during the following periods:

For the year ending March 31,	2023	\$ 28,437,200
	2024	<u>213,073</u>
	Total grants payable	<u>\$ 28,650,273</u>

Note 10 – Loans Payable

In June 2019, the Trust entered into a nonrevolving loan agreement, with a credit limit of \$15,000,000 and an interest rate of 3.99%. 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 began making equal monthly principal and interest payments of \$83,068, which will continue 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. As of March 31, 2022 and 2021, the outstanding balance on the loan was \$14,600,791 and \$15,000,000, respectively.

Maturities of the outstanding principal balance for future years is as follows:

For the year ending March 31,	2023	\$ 413,648
	2024	429,167
	2025	448,383
	2026	466,862
	2027	486,103
	Thereafter	<u>12,356,628</u>
	Total loan payable	<u>\$ 14,600,791</u>

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 with an interest rate selected by the Trust between Prime Rate, Daily Simple SOFR-based rate, or Term SOFR-based rate. The line of credit expired on January 31, 2022, and was renewed through January 2023. There was no outstanding balance owed on the line as of March 31, 2022 and 2021.

Meyer Memorial Trust and Subsidiary

Notes to Consolidated Financial Statements

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, 2022 and 2021, the Trust contributed \$935,465 and \$845,360, 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, 2022, the balances of the 457(b) and 457(f) plans are \$130,678 and \$102,768, respectively.

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.

