



Consolidated Financial Statements

For the Years Ended March 31, 2019 and 2018

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## **Independent Auditor's Report**

**To the Board of Trustees  
Meyer Memorial Trust  
Portland, Oregon**

We have audited the accompanying consolidated financial statements of Meyer Memorial Trust and its Affiliate (collectively, the Trust), which comprise the consolidated statements of financial position as of March 31, 2019 and 2018, 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 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.



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## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of March 31, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 2, the Trust adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended March 31, 2019. Our opinion is not modified with respect to this matter.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
September 16, 2019

MEYER MEMORIAL TRUST AND AFFILIATE

Consolidated Statements of Financial Position  
March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Cash	\$ 371,162	\$ 2,154,824
Interest receivable and other assets	318,487	411,288
Program-related investments	15,258,935	15,882,738
Investments at fair value-		
Short-term investment funds	20,025,967	19,341,066
Equity securities and funds	428,144,901	433,179,608
Fixed income securities and funds	93,840,854	89,975,377
Alternative asset interests	<u>210,396,946</u>	<u>224,037,668</u>
Total investments at fair value	752,408,668	766,533,719
Land and building	<u>6,106,966</u>	<u>5,108,136</u>
<b>Total Assets</b>	<b><u>\$ 774,464,218</u></b>	<b><u>\$ 790,090,705</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,167,600	\$ 1,380,609
Federal taxes payable, net	1,306,177	1,396,498
Grants payable	<u>10,640,510</u>	<u>10,329,160</u>
<b>Total Liabilities</b>	<b>13,114,287</b>	<b>13,106,267</b>
<b>Net Assets:</b>		
Net assets without donor restrictions	<u>761,349,931</u>	<u>776,984,438</u>
<b>Total Net Assets</b>	<b><u>761,349,931</u></b>	<b><u>776,984,438</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 774,464,218</u></b>	<b><u>\$ 790,090,705</u></b>

See accompanying notes.

MEYER MEMORIAL TRUST AND AFFILIATE

Consolidated Statements of Activities and Changes in Net Assets  
For the Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Investment Return, Net, Without Donor Restrictions:</b>		
Interest	\$ 1,957,097	\$ 1,619,204
Dividends	7,049,306	8,148,619
Other investment income	35,454	186,365
Realized gains	17,953,883	50,650,826
Unrealized gains	7,269,713	29,522,766
Investment fees and expenses	(3,045,347)	(2,848,419)
Provision for federal taxes	<u>(888,914)</u>	<u>(1,647,939)</u>
<b>Total Investment Return, Net, Without Donor Restrictions</b>	<b>30,331,192</b>	<b>85,631,422</b>
<b>Expenses:</b>		
Program services-		
Grants	36,494,061	36,562,124
Program administration	<u>8,057,232</u>	<u>6,809,475</u>
Total program services	44,551,293	43,371,599
Operational activities	<u>1,414,406</u>	<u>1,161,471</u>
<b>Total Expenses</b>	<b><u>45,965,699</u></b>	<b><u>44,533,070</u></b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(15,634,507)</b>	<b>41,098,352</b>
Net assets without donor restrictions, beginning of year	<u>776,984,438</u>	<u>735,886,086</u>
<b>Net Assets Without Donor Restrictions, End of Year</b>	<b><u>\$ 761,349,931</u></b>	<b><u>\$ 776,984,438</u></b>

See accompanying notes.

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Consolidated Statement of Functional Expenses  
For the Year Ended March 31, 2019  
(With Comparative Totals for 2018)**

	Program Activities	Operational Activities	2019 Total	2018 Total
Grants awarded	\$ 36,494,061	\$ -	\$ 36,494,061	\$ 36,562,124
Personnel	5,643,983	975,408	6,619,391	5,385,494
Professional service fees	1,008,830	208,108	1,216,938	980,756
Travel, professional development and meetings	499,581	141,520	641,101	454,859
Facility and occupancy	482,519	64,299	546,818	497,064
Board expenses	221,956		221,956	257,522
Technology	115,113	15,664	130,777	98,724
Other expenses	66,790	9,407	76,197	96,527
Program-related Investment write-off	18,460		18,460	200,000
<b>Total Expenses</b>	<b>\$ 44,551,293</b>	<b>\$ 1,414,406</b>	<b>\$ 45,965,699</b>	<b>\$ 44,533,070</b>

See accompanying notes.

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Consolidated Statements of Cash Flows  
For the Years Ended March 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (15,634,507)	\$ 41,098,352
Adjustments to reconcile change in net assets to net cash used by operating activities-		
Net realized and unrealized gains on investments	(25,223,596)	(80,173,592)
Deferred federal excise taxes	520	369,035
Loss on program-related investments	18,460	200,000
Application of tax credits for excise tax	63,487	129,973
Changes in assets and liabilities:		
Interest receivable and other assets	29,314	(21,927)
Accounts payable and accrued expenses	(313,962)	(1,220,603)
Federal taxes payable	(90,841)	39,033
Grants payable	311,350	866,808
<b>Net Cash Used by Operating Activities</b>	<b>(40,839,775)</b>	<b>(38,712,921)</b>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales of investments	166,232,810	193,134,928
Purchases of investments	(126,884,163)	(150,864,903)
Payments received from program-related investments	605,343	2,839,262
Issuance of program-related investments		(150,000)
Purchase of land and building		(5,108,136)
Purchase of development costs	(897,877)	
<b>Net Cash Provided by Investing Activities</b>	<b>39,056,113</b>	<b>39,851,151</b>
<b>Net Change in Cash</b>	<b>(1,783,662)</b>	<b>1,138,230</b>
Cash, beginning of year	2,154,824	1,016,594
<b>Cash, End of Year</b>	<b>\$ 371,162</b>	<b>\$ 2,154,824</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for excise and unrelated business income taxes	\$ 425,000	\$ 1,109,898
Noncash investing activity, loss on program-related investments	\$ 18,460	\$ 200,000
Noncash investing activity, development costs included in accounts payable	\$ 100,953	\$ -

See accompanying notes.



## MEYER MEMORIAL TRUST AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended March 31, 2019 and 2018

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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 Affiliate), an Oregon Limited Liability Company, for the purposes of the purchase and ownership of real property that will be developed in the future to house Meyer Memorial Trust's headquarters. Meyer Memorial Trust is the single member of the Affiliate.

#### Note 2 - Significant Accounting Policies

**Principles of Consolidation** - The accompanying financial statements consolidate the statements of Meyer Memorial Trust and the Affiliate (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). The Trust has presented an unclassified statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. For the years ended March 31, 2019 and 2018, activities of the Trust were classified as without donor restrictions due to the lack of donor-imposed restrictions.

**Cash** - Cash includes cash and deposits in depository institutions. 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 4).

**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 commercial bank, 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.

## MEYER MEMORIAL TRUST AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended March 31, 2019 and 2018

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#### Note 2 - Continued

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.

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.

**Land and Building** - The Affiliate purchased land and a building during the year ended March 31, 2018. The land and building are recorded at cost. No depreciation was recognized during the years ended March 31, 2019 and 2018, as the land and building are currently not in use and will be developed as the Trust's future headquarters. Through March 31, 2019, office furniture, fixtures and equipment are expensed and are considered by management to be immaterial.

**Grants Payable** - Grant expense is recognized in the period the grant is approved by the Trustees. Grants are approved subject to certain conditions. 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, normally immaterial in amount, are recognized in the year in which they occur.

## MEYER MEMORIAL TRUST AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended March 31, 2019 and 2018

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#### Note 2 - Continued

**Methods Used for Allocation of Functional Expenses** - The consolidated financial statements report certain categories of expenses that are attributable to programmatic or operating activities of the Trust. Expenses are allocated either by specific identification based on the nature of the expense or indirectly allocated based on the number of personnel.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncement** - For the year ended March 31, 2019, the Trust adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions. The Trust has also included information regarding its liquidity and availability of its financial assets (Note 10) and a statement of functional expenses. The changes required by the update have been applied retrospectively to all periods presented except for the omission of a prior year statement of functional expenses, as permitted by the ASU.

**Reclassifications of Prior Year Balances** - Certain reclassifications have been made to prior year accounts to conform to the presentation in the current year consolidated financial statements. The reclassifications have no effect on the previously reported consolidated change in net assets or consolidated net asset balances.

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Notes to Consolidated Financial Statements  
For the Years Ended March 31, 2019 and 2018**

**Note 3 - Investments**

Investments are summarized as follows as of March 31:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
U.S. cash and short term investment funds	\$ 20,025,967	\$ 20,025,967	\$ 19,341,066	\$ 19,341,066
U.S. equities and funds	126,855,101	160,981,329	128,566,365	154,470,739
International equities and funds	<u>173,932,468</u>	<u>267,163,572</u>	<u>166,403,762</u>	<u>278,708,869</u>
	300,787,569	428,144,901	294,970,127	433,179,608
U.S. government obligations	49,359,728	50,219,851	49,193,465	48,401,884
Fixed income funds	<u>41,372,274</u>	<u>43,621,003</u>	<u>41,372,274</u>	<u>41,573,493</u>
	90,732,002	93,840,854	90,565,739	89,975,377
Hedge funds	4,237,881	4,683,208	8,208,875	9,187,629
Buyouts	28,704,533	32,276,040	23,222,123	27,162,572
Energy and resources			35,101,222	33,455,976
Private equity	14,676,690	51,806,048	14,995,515	42,646,692
Real estate	8,939,888	8,784,250	13,920,274	10,991,632
Special credits	10,374,789	14,446,403	11,165,069	15,159,415
Invest Oregon	4,902,519	5,097,281	3,920,413	4,310,597
Venture capital	90,233,595	87,942,050	84,075,469	80,279,891
Fixed income	4,605,314	4,731,557		
Mezzanine	<u>365,163</u>	<u>630,109</u>	<u>494,784</u>	<u>843,264</u>
	<u>167,040,372</u>	<u>210,396,946</u>	<u>195,103,744</u>	<u>224,037,668</u>
<b>Total Investments</b>	<b><u>\$ 578,585,910</u></b>	<b><u>\$ 752,408,668</u></b>	<b><u>\$ 599,980,676</u></b>	<b><u>\$ 766,533,719</u></b>

Approximately 72% and 75% of the Trust's total investments as of March 31, 2019 and 2018, respectively, were invested in institutional mutual funds, publicly traded securities that are listed on national exchanges, treasury and agency bonds of the U.S. government and investment and noninvestment grade corporate bonds for which active trading markets exist. Such assets are valued at quoted closing prices at year end.

Approximately 1% of the Trust's total investments as of March 31, 2019 and 2018, respectively, were invested in hedge funds. The hedge funds utilize a variety of investment strategies which can be broadly categorized as absolute return, long/short equities strategies and fund of funds. Each fund's investment manager calculates the fair value of investments on a monthly basis using the valuation guidelines stipulated in the respective investment agreement, in accordance with fair value accounting.

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Notes to Consolidated Financial Statements  
For the Years Ended March 31, 2019 and 2018**

**Note 3 - Continued**

Approximately 27% and 24% of the Trust's total investments as of March 31, 2019 and 2018, respectively, were invested with numerous partnerships, in which the Trust is a limited partner. The partnerships specialize in investing in venture capital, buyout, special credits, and equity-based real estate investments. Such investments typically invest in private equity or debt securities of companies or properties that are not publicly listed or traded. The value of such investments is determined by the partnerships' general partners, who must follow the valuation guidelines, such as appraisals and comparable company trade data, stipulated in the respective limited partnership agreements. Limited partnerships are audited annually by independent certified public accounting firms.

The valuation techniques described above are consistent with those used in the prior year.

As of March 31, 2019, there is a pending purchase and sales agreement for an investment. Changes to valuation and the corresponding impact to the financial statements will be recognized on the date of approval. Management anticipates that the transaction will be approved and close during the fiscal year ending March 31, 2020.

As of March 31, 2019, pursuant to its limited partnership agreements, the Trust was committed to invest approximately \$101 million in 41 limited partnership interests at various times through June 2029. These commitments include distributions totaling approximately \$5.9 million as of March 31, 2019, that are recallable by the limited partnerships. Unpaid commitments totaled approximately \$89.1 million as of March 31, 2018, of which approximately \$6.3 million consisted of distributions that are recallable by the limited partnerships.

The fair value of the Trust's investments based on the fair value hierarchy was as follows as of March 31, 2019:

	March 31, 2019			Total
	Level 1	Level 2	Level 3	
U.S. cash and short term investment funds	\$ 20,025,967	\$ -	\$ -	\$ 20,025,967
U.S. equities and funds	160,981,329			160,981,329
International equities and funds	109,711,400	157,452,172		267,163,572
U.S. government obligations	28,560,142	21,659,709		50,219,851
Fixed income funds	43,621,003			43,621,003
<b>Total Investments in the Fair Value Hierarchy</b>	<b>\$ 362,899,841</b>	<b>\$ 179,111,881</b>	<b>\$ -</b>	542,011,722
Investments measured at NAV <sup>(a)</sup>				210,396,946
<b>Investments at Fair Value</b>				<b>\$ 752,408,668</b>

- (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 AFFILIATE

Notes to Consolidated Financial Statements  
For the Years Ended March 31, 2019 and 2018

Note 3 - Continued

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

	March 31, 2018			Total
	Level 1	Level 2	Level 3	
U.S. cash and short term investment funds	\$ 19,341,066	\$ -	\$ -	\$ 19,341,066
U.S. equities and funds	154,470,739			154,470,739
International equities and funds	107,717,683	170,991,186		278,708,869
U.S. government obligations	26,390,558	22,011,326		48,401,884
Fixed income funds	41,573,493			41,573,493
Energy and resources	33,455,976			33,455,976
<b>Total Investments in the Fair Value Hierarchy</b>	<b>\$ 382,949,515</b>	<b>\$ 193,002,512</b>	<b>\$ -</b>	575,952,027
Investments measured at NAV <sup>(a)</sup>				190,581,692
<b>Investments at Fair Value</b>				<b>\$ 766,533,719</b>

(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 AFFILIATE**

**Notes to Consolidated Financial Statements  
For the Years Ended March 31, 2019 and 2018**

**Note 3 - 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, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Alternative illiquid funds-					
Hedge funds	\$ 4,683,208	\$ -	Pre-set basis, generally quarterly after "lock up" periods as stated in hedge fund agreements		"Lock up" periods of 90 days to 12 months
Partnerships-					
Venture capital	87,942,050	25,831,847	N/A*	N/A*	N/A*
Private equity	51,806,048		N/A*	N/A*	N/A*
Buyouts	32,276,040	30,199,151	N/A*	N/A*	N/A*
Special credits	14,446,403	3,742,725	N/A*	N/A*	N/A*
Real estate	8,784,250	27,583,042	N/A*	N/A*	N/A*
Invest Oregon	5,097,281	1,500,000	N/A*	N/A*	N/A*
Mezzanine	630,109	652,500	N/A*	N/A*	N/A*
Fixed income	4,731,557	5,394,686	N/A*	N/A*	N/A*
	<u>\$ 210,396,946</u>	<u>\$ 94,903,951</u>			

\* These funds are investments in partnerships with no ability to be redeemed as of March 31, 2019. 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.

**Note 4 - 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 reasonable loss reserve. There were 15 loans outstanding for each of the years ended March 31, 2019 and 2018. Principal amounts outstanding range from \$30,000 to \$4,000,000, bear interest at rates from 0.0% to 2.0%, and mature between 2018 and 2026. Interest income totaling \$193,977 and \$249,052 was earned on program-related investments during the years ended March 31, 2019 and 2018, 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, 2019 and 2018, as management considers all existing program-related investments collectible. There were no committed but not yet funded loans as of March 31, 2019 and 2018.

## MEYER MEMORIAL TRUST AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended March 31, 2019 and 2018

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#### Note 5 - Land and Building

Land and building were as follows at March 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 2,789,846	\$ 2,789,846
Building	2,169,516	2,169,516
Development costs	<u>1,147,604</u>	<u>148,774</u>
<b>Total Investment in Land and Building</b>	<b><u>\$ 6,106,966</u></b>	<b><u>\$ 5,108,136</u></b>

#### Note 6 - 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 of 2% on its net investment income. Under certain circumstances, the Trust may qualify for a 1% federal excise tax rate. The Trust qualified for a 1% federal excise tax rate for the years ended March 31, 2019 and 2018. Additionally, the Trust is subject to federal tax on unrelated business income. As a single-member LLC, the Affiliate is disregarded as a separate entity for federal tax purposes.

The Trust files income tax returns with the U.S. Government. The Trust may be subject to examinations for the current year and certain prior years based on applicable laws and regulations.

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

	<u>2019</u>	<u>2018</u>
Current tax expense	\$ 888,394	\$ 1,278,904
Deferred tax expense	<u>520</u>	<u>369,035</u>
<b>Total Federal Taxes</b>	<b><u>\$ 888,914</u></b>	<b><u>\$ 1,647,939</u></b>

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

	<u>2019</u>	<u>2018</u>
Current, net	\$ (633,077)	\$ (542,236)
Deferred tax expense	<u>1,939,254</u>	<u>1,938,734</u>
<b>Total Federal Taxes</b>	<b><u>\$ 1,306,177</u></b>	<b><u>\$ 1,396,498</u></b>

The deferred tax expense consists of excise tax on unrealized gains on investments. The Trust paid approximately \$425,000 and \$1,110,000 in excise taxes for the years ended March 31, 2019 and 2018, respectively.



## MEYER MEMORIAL TRUST AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended March 31, 2019 and 2018

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#### Note 7 - Grants Payable

Grants payable are expected to be paid as follows:

For the Year Ending March 31,

2020	\$ 8,183,310
2021	<u>2,457,200</u>
<b>Total Grants Payable</b>	<b><u><u>\$ 10,640,510</u></u></b>

#### Note 8 - Commitments

The Trust leases office space under an operating lease that ends in May 2020. The lease includes escalating rent payments each year. Rental expense totaled \$380,097 and \$368,076 for the years ended March 31, 2019 and 2018, respectively.

As of March 31, 2019, future minimum lease payments under noncancelable operating leases consist of the following:

For the Year Ending March 31,

2020	\$ 375,208
2021	<u>167,535</u>
<b>Total Future Minimum Lease Payments</b>	<b><u><u>\$ 542,743</u></u></b>

#### Note 9 - Retirement Plan

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, 2019 and 2018, the Trust contributed \$802,237 and \$706,139, respectively, to the plan.

#### Note 10 - Liquidity and Availability of Financial Assets

The Trust's financial assets available within one year of the statements of financial position dates for general expenditures, liabilities and other obligations were as follows at March 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 371,162	\$ 2,154,824
Interest receivable and other assets	318,487	411,288
Program-related investments	15,258,935	15,882,738
Investments	<u>752,408,668</u>	<u>766,533,719</u>
	768,357,252	784,982,569
Program-related investments	(15,258,935)	(15,882,738)
Investments at NAV with limited liquidity	<u>(210,396,946)</u>	<u>(190,581,692)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures within One Year</b>	<b><u><u>\$ 542,701,371</u></u></b>	<b><u><u>\$ 578,518,139</u></u></b>

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Notes to Consolidated Financial Statements  
For the Years Ended March 31, 2019 and 2018**

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**Note 10 - Continued**

The Trust structures its financial assets to be available and liquid as its general expenditures, liabilities and other obligations become due. Components of the investments at NAV with limited liquidity may be available and liquid within one year of the statement of financial position date.

**Note 11 - Subsequent Events**

The Trust has performed an evaluation of subsequent events through September 16, 2019, the date on which the consolidated financial statements were issued, noting no additional events which affect the consolidated financial statements as of March 31, 2019.

In June 2019, the 2045 N. Vancouver LLC (the Subsidiary) obtained a nonrevolving loan in the amount of up to \$15,000,000. The proceeds of the loan will be used to construct, improve and equip the headquarters office building for the Trust on land owned by the Subsidiary. The loan matures on July 1, 2034 and bears interest of 3.99% per annum on the loan's daily outstanding balance. Interest on the outstanding loan balance will be paid monthly beginning August 1, 2019. The loan is secured by a U.S. Treasuries investment account for which a minimum balance of \$16,670,000 must be maintained. The loan is also subject to certain financial covenants.

**SUPPLEMENTARY INFORMATION**

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Consolidating Schedule of Financial Position**

**March 31, 2019**

**(With Comparative Totals for 2018)**

	Meyer Memorial Trust	2045 N Vancouver, LLC	Eliminations	2019	2018
<b>Assets:</b>					
Cash	\$ 348,256	\$ 22,906	\$ -	\$ 371,162	\$ 2,154,824
Interest receivable and other assets	315,578	2,909		318,487	411,288
Program-related investments	15,258,935			15,258,935	15,882,738
Investments at fair value-					
Short-term investment funds	20,025,967			20,025,967	19,341,066
Equity securities and funds	428,144,901			428,144,901	433,179,608
Fixed income securities and funds	93,840,854			93,840,854	89,975,377
Alternative asset interests	210,396,946			210,396,946	224,037,668
Total investments at fair value	<u>752,408,668</u>			<u>752,408,668</u>	<u>766,533,719</u>
Investment in 2045 N Vancouver, LLC	6,047,771		(6,047,771)		
Land and building		6,106,966		6,106,966	5,108,136
<b>Total Assets</b>	<b><u>\$ 774,379,208</u></b>	<b><u>\$ 6,132,781</u></b>	<b><u>\$ (6,047,771)</u></b>	<b><u>\$ 774,464,218</u></b>	<b><u>\$ 790,090,705</u></b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 1,066,647	\$ 100,953	\$ -	\$ 1,167,600	\$ 1,380,609
Federal taxes payable, net	1,306,177			1,306,177	1,396,498
Grants payable	10,640,510			10,640,510	10,329,160
<b>Total Liabilities</b>	<b>13,013,334</b>	<b>100,953</b>		<b>13,114,287</b>	<b>13,106,267</b>
<b>Net Assets:</b>					
Net assets without donor restriction	761,365,874	6,031,828	(6,047,771)	761,349,931	776,984,438
<b>Total Net Assets</b>	<b><u>761,365,874</u></b>	<b><u>6,031,828</u></b>	<b><u>(6,047,771)</u></b>	<b><u>761,349,931</u></b>	<b><u>776,984,438</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 774,379,208</u></b>	<b><u>\$ 6,132,781</u></b>	<b><u>\$ (6,047,771)</u></b>	<b><u>\$ 774,464,218</u></b>	<b><u>\$ 790,090,705</u></b>

See independent auditor's report.

**MEYER MEMORIAL TRUST AND AFFILIATE**

**Consolidating Schedule of Activities and Changes in Net Assets  
For the Year Ended March 31, 2019  
(With Comparative Totals for 2018)**

	Meyer Memorial Trust	2045 N Vancouver, LLC	Eliminations	Total 2019	Total 2018
<b>Revenue Without Donor Restrictions:</b>					
Interest	\$ 1,957,097	\$ -	\$ -	\$ 1,957,097	\$ 1,619,204
Dividends	7,049,306			7,049,306	8,148,619
Other investment income	35,454			35,454	186,365
Realized gains	17,953,883			17,953,883	50,650,826
Unrealized gains	7,269,713			7,269,713	29,522,766
Investment fees and expenses	(3,045,287)	(60)		(3,045,347)	(2,848,419)
Provision for federal taxes	(888,914)			(888,914)	(1,647,939)
<b>Total Revenue Without Donor Restrictions and Investment Gains, Net</b>	<b>30,331,252</b>	<b>(60)</b>		<b>30,331,192</b>	<b>85,631,422</b>
<b>Expenses:</b>					
Program services-					
Grants	36,494,061			36,494,061	36,562,124
Program administration	8,057,232			8,057,232	6,809,475
Total program services	44,551,293			44,551,293	43,371,599
Operational activities	1,401,934	12,472		1,414,406	1,161,471
<b>Total Expenses</b>	<b>45,953,227</b>	<b>12,472</b>		<b>45,965,699</b>	<b>44,533,070</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(15,621,975)</b>	<b>(12,532)</b>		<b>(15,634,507)</b>	<b>41,098,352</b>
Equity contributions		960,000	(960,000)		
Net assets without donor restrictions, beginning of year	776,987,849	5,084,360	(5,087,771)	776,984,438	735,886,086
<b>Net Assets Without Donor Restrictions, End of Year</b>	<b>\$ 761,365,874</b>	<b>\$ 6,031,828</b>	<b>\$ (6,047,771)</b>	<b>\$ 761,349,931</b>	<b>\$ 776,984,438</b>

See independent auditor's report.