



# Reader's Guide to the Form 990-PF

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The annual Form 990-PF is a public document that provides useful information about a private foundation's financial and charitable activities. Meyer posts this Form on its website at [www.mmt.org](http://www.mmt.org). The Form provides information about the Trust's financial and charitable activities for the year as well as assesses any taxes owed to the IRS. Because of Meyer's ongoing commitment to transparency, we offer this Reader's Guide to highlight some of the key information in a more clear and concise way.

## **Payout**

### **How much was Meyer required to distribute in FY18?**

The Trust was required to distribute \$42,250,229 as shown on Page 8, Part XI, line 7. The term the IRS uses for the minimum 5 percent payout is the distributable amount. The actual amount of adjusted qualifying distributions for Meyer in FY18 was 6.18 percent, or \$48,600,472, as shown on Page 8, Part XII, line 6.

### **How is the required payout calculated?**

The IRS rules require Meyer to pay out 5 percent of its average non-charitable use assets, which is equivalent to the investment assets and any other assets that are not used directly in the charitable work of the Trust, adjusted for income tax and recoveries of amounts previously treated as qualifying distributions. This calculation is summarized on Page 8 in parts X and XI of the return.



## **What types of disbursements count toward Meyer's annual payout requirement?**

Grants paid, program-related investments, exempt operating costs (those that further Meyer's charitable purpose), and amounts paid to acquire assets used directly in carrying out charitable purpose (i.e. Meyer's new headquarters), all count toward payout.

## **Administrative and Other Costs**

### **What were Meyer's FY18 exempt expenses as a percentage of qualifying distributions and as a percentage of average assets?**

Total exempt expenses as a percentage of qualifying distributions was 16.63 percent (calculated as \$8,162,066 Page 1, Part I, line 24, column (d) divided by \$49,094,799, Page 8, Part XII, line 4). Survey results of peer foundations between \$500 million and \$1.5 billion in average assets reveal exempt expenses as a percentage of grant payout of 17.90 percent for 2017 (FY18).

Total exempt expenses as a percentage of average assets was 1.04 percent (calculated as \$8,162,066 Page 1, Part I, line 24, column (d) divided by \$786,056,258, Page 8, Part X, line 5). Survey results of peer foundations between \$500 million and \$1.5 billion in average assets reveal exempt expenses as a percentage of average assets of 1.00 percent for 2017 (FY18).



## Taxes and Other

### What kind of taxes does Meyer pay?

Meyer Memorial Trust is exempt from income taxes under IRS rules. However, the Trust is required to pay a 2 percent excise tax on net investment income, which can be reduced to 1 percent if it disburses an amount in excess of the average payout ratio for the past five years.

Net investment income includes interest, dividends, net realized capital gains, and other investment income, minus expenses for managing investments. The net investment income figure used in this calculation is shown on Page 1, Part I, line 27b, column (b). The FY18 net investment income was \$49,432,714. In FY18, a 1 percent excise tax resulted in tax of \$494,327 as shown on Page 4, Part VI, line 5 of the 990-PF.

Meyer is also subject to unrelated business income tax under IRS rules due to the nature of the income derived from some of the investment vehicles held in the investment portfolio. This tax is calculated using the tiered corporate tax rate schedule.

## Meyer Memorial Trust FY18 990-PF Key Data Points

Topic	Line Reference	FY18	Comments
Administrative and other costs	Page 1, Part I, line 24, column (d)	\$8.16M	Consists of direct grantmaking expenses including salaries and operating costs of the staff who make and manage the grants, direct charitable expenses such as convening costs paid to support the work of our grantees, administrative costs to operate the Trust, including salaries and benefits for support functions, such as finance and human resources, professional fees, office expenses, etc. Represents the costs allocated toward charitable purposes that are included in Meyer's qualifying distributions in Part XII.
Grants paid	Page 1, Part I, line 25, column (d)	\$35.85M	Represents grants paid. Meyer also made \$634K of PRI's in FY18 for a grand total of \$36.49M in giving.
Average distribution ratio	Page 3, Part V, line 3	5.63%	Represents the distribution ratio used in determining the required distribution for Meyer to qualify for the one percent excise tax; this ratio is based on the average distribution ratios from the five previous years.
Reduced tax rate minimum distribution	Page 3, Part V, line 7	\$44.78M	The amount of distributions required by the Trust to qualify for the one percent excise tax.
Excise taxes	Page 4, Part VI, line 5	\$494K	Meyer had a net gain position for FY18. Excise taxes are calculated as one percent of its net investment income as shown on Page 1, Part 1, line 27b column (b).
Compensation of officers, directors and trustees	Page 6, Part VIII, line 1(c)	\$2.41M	Statement 20 provides a listing of FY18 compensation and benefits paid to the Trust's officers and board of trustees. FY18 includes the first of two deferred compensation payments made to the retiring CEO per an employment agreement established in 2005.
Compensation of five highest-paid employees	Page 6, Part VIII, line 2(c)	\$958K	Meyer provides a listing of the FY18 compensation and benefits paid by person for the five highest paid employees.
Minimum investment return	Page 8, Part X, line 6	\$39.30M	Represents five percent of the total fair market value of Meyer's non-charitable use assets.

Topic	Line Reference	FY18	Comments
Distributable amount	Page 8, Part XI, line 7	\$42.25M	Equal to the minimum investment return with adjustments for tax and recoveries (PRI repayments). This represents the amount Meyer must distribute as qualifying distributions.
Adjusted qualifying distributions	Page 8, Part XII, line 6	\$48.6M	The amount the Trust actually spent for charitable purposes for the year. This includes \$4.44M paid to acquire assets used (or held for use) directly in carrying out charitable purposes.
Actual distribution ratio	Page 8, Part XII, line 6 divided by Page 8, Part X, line 5	6.18%	Although the return does not display this ratio, it is calculated here. The required minimum distribution ratio is 5.0 percent.
Cumulative excess distributions	Page 9, Part XIII, line 9(a)	\$21.58M	The amount of excess distributions that Meyer may carryover and apply toward following years.