

**Eugene and Agnes E. Meyer Foundation**

Financial Statements

December 31, 2019 and 2018



## Independent Auditors' Report

### The Board of Directors Eugene and Agnes E. Meyer Foundation

We have audited the accompanying financial statements of the Eugene and Agnes E. Meyer Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eugene and Agnes E. Meyer Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PKF O'Connor Davies, LLP*

September 24, 2020

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## Eugene and Agnes E. Meyer Foundation

### Statements of Financial Position

|   | December 31           |                       |
|---|-----------------------|-----------------------|
|   | 2019                  | 2018                  |
| <b>ASSETS</b>   |                       |                       |
| Cash and cash equivalents                             | \$ 1,993,697          | \$ 4,029,299          |
| Accounts and interest receivable                      | 34,405                | 186,296               |
| Prepaid expenses and deposits                         | 103,424               | 100,275               |
| Prepaid federal excise tax                            | 381,408               | -                     |
| Investments - deferred compensation                   | 259,835               | 164,811               |
| Due from investment manager                           | 72,741                | 5,155,704             |
| Investments   | 221,746,017           | 188,281,682           |
| Furniture, equipment, and leasehold improvements, net | <u>289,988</u>        | <u>275,258</u>        |
|   | <u>\$ 224,881,515</u> | <u>\$ 198,193,325</u> |
| <br>  |                       |                       |
| <b>LIABILITIES AND NET ASSETS</b>                     |                       |                       |
| Liabilities   |                       |                       |
| Accounts payable and accrued expenses                 | \$ 391,891            | \$ 496,216            |
| Grants payable, net                                   | 2,344,426             | 1,117,300             |
| Federal excise tax payable                            | -                     | 58,968                |
| Deferred federal excise tax payable                   | 689,893               | 428,407               |
| Deferred rent   | 178,928               | 314,573               |
| Deferred compensation                                 | <u>259,835</u>        | <u>164,811</u>        |
| Total Liabilities                                     | 3,864,973             | 2,580,275             |
| <br>  |                       |                       |
| Net assets without donor restrictions                 | <u>221,016,542</u>    | <u>195,613,050</u>    |
|   | <u>\$ 224,881,515</u> | <u>\$ 198,193,325</u> |

See notes to financial statements

## Eugene and Agnes E. Meyer Foundation

### Statements of Activities

|   | Year Ended     |                |
|---|----------------|----------------|
|   | December 31    |                |
|   | 2019           | 2018           |
| <b>INVESTMENT RETURN AND OTHER INCOME</b> |                |                |
| Investment Return                         |                |                |
| Dividends and interest                    | \$ 1,167,129   | \$ 2,846,041   |
| Net realized gain on sale of investments  | 3,079,422      | 21,576,134     |
| Unrealized gain (loss) on investments     | 35,111,153     | (40,482,018)   |
|   | 39,357,704     | (16,059,843)   |
| Less direct investment expenses           | 686,834        | 1,590,947      |
| Total Investment Return                   | 38,670,870     | (17,650,790)   |
| Other income                              | 48,979         | 38,745         |
| Total Investment Return and Other Income  | 38,719,849     | (17,612,045)   |
| <b>EXPENSES</b>                           |                |                |
| Grant awards                              | 8,923,826      | 7,822,295      |
| Direct charitable activities              | 3,053,858      | 2,585,367      |
| Operations and governance                 | 971,708        | 1,139,598      |
| Tax provision (benefit)                   | 366,966        | (755,239)      |
| Total Expenses                            | 13,316,357     | 10,792,021     |
| Change in Net Assets                      | 25,403,492     | (28,404,066)   |
| <b>NET ASSETS</b>                         |                |                |
| Beginning of year                         | 195,613,050    | 224,017,116    |
| End of year                               | \$ 221,016,542 | \$ 195,613,050 |

See notes to financial statements

**Eugene and Agnes E. Meyer Foundation**

Statement of Functional Expenses  
Year Ended December 31, 2019

|                                     | Program Expenses    |                              |                        |                           |                   | Total                |
|-------------------------------------|---------------------|------------------------------|------------------------|---------------------------|-------------------|----------------------|
|                                     | Grant Awards        | Direct Charitable Activities | Total Program Expenses | Operations and Governance | Tax Provision     |                      |
| Grants                              | \$ 8,923,826        | \$ -                         | \$ 8,923,826           | \$ -                      | \$ -              | \$ 8,923,826         |
| Salaries and wages                  | -                   | 1,439,535                    | 1,439,535              | 467,510                   | -                 | 1,907,045            |
| Employee benefits and payroll taxes | -                   | 349,801                      | 349,801                | 113,312                   | -                 | 463,113              |
| Board/committee expenses            | -                   | 6,645                        | 6,645                  | 1,765                     | -                 | 8,410                |
| Consulting services                 | -                   | 252,450                      | 252,450                | 81,987                    | -                 | 334,437              |
| Travel                              | -                   | 36,414                       | 36,414                 | 5,659                     | -                 | 42,073               |
| Meeting expense-program             | -                   | 40,202                       | 40,202                 | -                         | -                 | 40,202               |
| Communications and postage          | -                   | 41,537                       | 41,537                 | -                         | -                 | 41,537               |
| Insurance                           | -                   | 18,486                       | 18,486                 | 6,162                     | -                 | 24,648               |
| Depreciation                        | -                   | 101,622                      | 101,622                | 33,002                    | -                 | 134,624              |
| Rent and utilities                  | -                   | 501,136                      | 501,136                | 162,752                   | -                 | 663,888              |
| Professional fees                   | -                   | 121,155                      | 121,155                | 40,385                    | -                 | 161,540              |
| Federal excise tax                  | -                   | -                            | -                      | -                         | 105,480           | 105,480              |
| Deferred excise tax                 | -                   | -                            | -                      | -                         | 261,486           | 261,486              |
| Other office expenses               | -                   | 144,874                      | 144,874                | 59,174                    | -                 | 204,048              |
| <b>Total</b>                        | <b>\$ 8,923,826</b> | <b>\$ 3,053,858</b>          | <b>\$ 11,977,684</b>   | <b>\$ 971,708</b>         | <b>\$ 366,966</b> | <b>\$ 13,316,357</b> |

See notes to financial statements

**Eugene and Agnes E. Meyer Foundation**

Statement of Functional Expenses  
Year Ended December 31, 2018

|                                     | Program Expenses    |                              |                        |                           |                         | Total                |
|-------------------------------------|---------------------|------------------------------|------------------------|---------------------------|-------------------------|----------------------|
|                                     | Grant Awards        | Direct Charitable Activities | Total Program Expenses | Operations and Governance | Tax Provision (Benefit) |                      |
| Grants                              | \$ 7,822,295        | \$ -                         | \$ 7,822,295           | \$ -                      | \$ -                    | \$ 7,822,295         |
| Salaries and wages                  | -                   | 1,194,849                    | 1,194,849              | 442,379                   | -                       | 1,637,228            |
| Employee benefits and payroll taxes | -                   | 289,180                      | 289,180                | 107,066                   | -                       | 396,246              |
| Board/committee expenses            | -                   | 11,542                       | 11,542                 | 2,212                     | -                       | 13,754               |
| Consulting services                 | -                   | 173,011                      | 173,011                | 64,055                    | -                       | 237,066              |
| Travel                              | -                   | 31,583                       | 31,583                 | 7,059                     | -                       | 38,642               |
| Meeting expense-program             | -                   | 31,772                       | 31,772                 | -                         | -                       | 31,772               |
| Communications and postage          | -                   | 13,942                       | 13,942                 | -                         | -                       | 13,942               |
| Insurance                           | -                   | 20,853                       | 20,853                 | 7,720                     | -                       | 28,573               |
| Depreciation                        | -                   | 115,660                      | 115,660                | 42,823                    | -                       | 158,483              |
| Rent and utilities                  | -                   | 481,628                      | 481,628                | 178,317                   | -                       | 659,945              |
| Professional fees                   | -                   | 43,098                       | 43,098                 | 46,531                    | -                       | 89,629               |
| Federal excise tax                  | -                   | -                            | -                      | 241,436                   | -                       | 241,436              |
| Deferred excise tax (benefit)       | -                   | -                            | -                      | -                         | (809,640)               | (809,640)            |
| Other office expenses               | -                   | 178,249                      | 178,249                | -                         | 54,401                  | 232,650              |
| <b>Total</b>                        | <b>\$ 7,822,295</b> | <b>\$ 2,585,367</b>          | <b>\$ 10,407,662</b>   | <b>\$ 1,139,598</b>       | <b>\$ (755,239)</b>     | <b>\$ 10,792,021</b> |

See notes to financial statements

## Eugene and Agnes E. Meyer Foundation

### Statements of Cash Flows

|  | Year Ended December 31 |                 |
|--|------------------------|-----------------|
|  | 2019                   | 2018            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                        |                 |
| Change in net assets   | \$ 25,403,492          | \$ (28,404,066) |
| Adjustments to reconcile change in net assets<br>to net cash from operating activities |                        |                 |
| Depreciation   | 134,624                | 158,483         |
| Grant discount   | (5,374)                | 2,300           |
| Realized gains on sale of investments  | (3,079,422)            | (21,576,134)    |
| Deferred rent  | (135,645)              | (118,818)       |
| Unrealized (gain) loss on investments  | (35,111,153)           | 40,482,018      |
| Deferred federal excise tax  | 261,486                | (809,640)       |
| Net changes in operating assets and liabilities  |                        |                 |
| Accounts and interest receivable   | 151,891                | (33,834)        |
| Prepaid expenses and deposits  | (3,149)                | 69,888          |
| Prepaid federal excise tax   | (381,408)              | 38,183          |
| Accounts payable and accrued expenses  | (104,325)              | 338,314         |
| Grants payable   | 1,232,500              | (355,500)       |
| Federal excise tax payable   | (58,968)               | 58,968          |
| Net Cash From Operating Activities   | (11,695,451)           | (10,149,838)    |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                        |                 |
| Purchase of furniture and equipment  | (149,354)              | (10,675)        |
| Due from investment manager  | 5,082,963              | (4,893,692)     |
| Purchase of investments  | (17,250,751)           | (29,237,541)    |
| Proceeds from sale of investments  | 21,976,991             | 44,162,510      |
| Collection of program related investment   | -                      | 1,000,000       |
| Net Cash From Investing Activities   | 9,659,849              | 11,020,602      |
| Net Change in Cash and Cash Equivalents  | (2,035,602)            | 870,764         |
| <br><b>CASH AND CASH EQUIVALENTS</b>   |                        |                 |
| Beginning of year  | 4,029,299              | 3,158,535       |
| End of year  | \$ 1,993,697           | \$ 4,029,299    |
| <br><b>SUPPLEMENTAL CASH FLOW INFORMATION</b>  |                        |                 |
| Federal excise and unrelated business taxes paid                                       | \$ 453,371             | \$ 144,285      |

See notes to financial statements

# Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

## 1. Organization

The Eugene and Agnes E. Meyer Foundation (the "Foundation") was established in 1944. It is a private foundation engaged in making grants for charitable and educational purposes in response to the changing needs of the Washington, D.C. metropolitan community. The Foundation's capital was originally provided, and was later substantially augmented, by contributions from Mr. and Mrs. Eugene Meyer, from whom the Foundation takes its name.

The Foundation is exempt from federal income taxes under Section 501(c)(3) and 509(a) of the Internal Revenue Code and has been further classified as a "private foundation." The Foundation is subject to an excise tax on its net investment income. Excise taxes consist of two components: current taxes based upon net investment income and deferred taxes which arise from the difference between the tax cost of the investments and the fair value of the investments.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### ***Change in Accounting Principle***

Effective January 1, 2019, the Foundation adopted new U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and superseded most current revenue recognition guidance. Adoption of the guidance had an immaterial impact on the Foundation's financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08"). ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The adoption of this ASU had an immaterial impact on the Foundation's financial statements.

### ***Cash and Cash Equivalents***

Cash and cash equivalents represent short-term investments with maturities of 90 days or less at the time of purchase. Cash and cash equivalents residing within the Foundation's investment portfolio are reported as investments. At times, cash balances may be in excess of FDIC insurance limits.



## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Fair Value Measurements***

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient are not categorized within the fair value hierarchy.

#### ***Investment and Income Recognition***

Investments, other than temporary cash investments, are carried at fair value. Temporary cash investments are valued at cost plus accrued interest. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Investment Expenses***

Investment expenses on the statements of activities include those fees paid directly to the Foundation's investment advisors, custodians and direct internal expenses generated from the generation of investment income.

#### ***Investments Risks and Uncertainties***

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Furniture, Equipment, and Leasehold Improvements***

Furniture and equipment are carried at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease. Physical assets acquired with costs in excess of \$1,000 and having a period of benefit in excess of one year are capitalized.

#### ***Grants***

The Foundation recognizes grant expense upon award of the grant. Grant pledges for future years are recorded net of discounts to present value.

#### ***Deferred Compensation Plan***

Funds held for the Foundation's Section 457(b) deferred compensation plan were previously included in the Foundation's investment accounts. Beginning in 2016, the Foundation has elected to segregate the assets related to deferred compensation on the statements of financial position. At December 31, 2019 and 2018, the assets are comprised of mutual funds and are based on level 1 inputs.

#### ***Presentation of Net Assets***

Net assets are categorized as without donor restrictions and with donor restrictions.

Without donor restrictions - Resources that are fully available at the discretion of management and the Board of Directors (the Board), for use in activities within the Foundation's mission.

With donor restrictions - Funds that the Foundation may use in accordance with donor's restrictions for specific purposes or upon the passage of time or require the Foundation to maintain them in perpetuity.

All of the Foundation's net assets were without donor restriction as of December 31, 2019 and 2018.

#### ***Functional Allocation of Expenses***

The costs of providing various programs and related supporting services have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among programs and supporting services. The allocation of cost to the Foundation's activities is based on the percentage of time spent by employees on the various activities. Cost is calculated by applying the percentage of an employee's time spent on an activity to compensation, benefits and certain operating expenses.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Accounting for Uncertainty in Income Taxes***

The Foundation's accounting policy is to provide liabilities for uncertain income tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as a foundation exempt from income taxes. The Foundation is no longer subject to examinations by applicable taxing jurisdictions for periods prior to December 31, 2016.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 24, 2020.

### 3. Concentration of Credit Risk

The Foundation's cash, cash equivalents and investments are potentially exposed to concentrations of credit risk. The Foundation invests its cash and equivalents with quality financial institutions. The Foundation invests in common stocks, mutual funds, limited partnerships, bonds and notes issued by financially strong entities, the United States, and foreign governments. The Foundation routinely assesses the diversification and financial strength of its cash and investment portfolio. As a consequence, concentrations of credit risk are limited.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 4. Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy.

| Description                                    | 2019                 |                 |                                       | Total                 |
|--|----------------------|-----------------|---------------------------------------|-----------------------|
|  | Level 1              | Level 2         | Investments<br>Measured at<br>NAV (*) |                       |
| Equities                                       | \$ 10,704,329        | \$ -            | \$ -                                  | \$ 10,704,329         |
| Government Securities                          |                      |                 |                                       |                       |
| Foreign government                             | -                    | 852             | -                                     | 852                   |
| Corporate obligations                          | -                    | 6,873           | -                                     | 6,873                 |
| Mutual Funds                                   |                      |                 |                                       |                       |
| Global long/short                              | 2,578,424            | -               | -                                     | 2,578,424             |
| Real assets                                    | 11,082,522           | -               | -                                     | 11,082,522            |
| Equity   | 12,900,138           | -               | -                                     | 12,900,138            |
| Intermediate                                   | 9,061,208            | -               | -                                     | 9,061,208             |
| Hedge Funds                                    |                      |                 |                                       |                       |
| Equities                                       | -                    | -               | 69,196,962                            | 69,196,962            |
| Event driven                                   | -                    | -               | 8,470,337                             | 8,470,337             |
| Open mandate                                   | -                    | -               | 2,796,500                             | 2,796,500             |
| Global long/short                              | -                    | -               | 58,581,931                            | 58,581,931            |
| Fixed income                                   | -                    | -               | 20,415,047                            | 20,415,047            |
| Real asset                                     | -                    | -               | 4,619,686                             | 4,619,686             |
| Global emerging markets                        | -                    | -               | 7,724,901                             | 7,724,901             |
| Private equities                               | -                    | -               | 1,962,682                             | 1,962,682             |
| Total Investments at Fair Value                | <u>\$ 46,326,621</u> | <u>\$ 7,725</u> | <u>\$ 173,768,046</u>                 | 220,102,392           |
| Certificates of deposit, at cost plus interest |                      |                 |                                       | 265,620               |
| Cash held for investment, at cost              |                      |                 |                                       | 1,378,005             |
| Total Investments                              |                      |                 |                                       | <u>\$ 221,746,017</u> |

## Eugene and Agnes E. Meyer Foundation

### Notes to Financial Statements December 31, 2019 and 2018

#### 4. Investments (continued)

| Description                                    | Level 1              | Level 2             | Investments<br>Measured at<br>NAV (*) | Total                 |
|--|----------------------|---------------------|---------------------------------------|-----------------------|
| Equities                                       | \$ 7,738,309         | \$ -                | \$ -                                  | \$ 7,738,309          |
| Preferred stocks                               | -                    | 24,632              | -                                     | 24,632                |
| Government Securities                          |                      |                     |                                       |                       |
| U.S. government                                | 468,856              | -                   | -                                     | 468,856               |
| Foreign government                             | -                    | 261,587             | -                                     | 261,587               |
| Corporate obligations                          | -                    | 6,819,089           | -                                     | 6,819,089             |
| Mutual Funds                                   |                      |                     |                                       |                       |
| Global long/short                              | 2,808,322            | -                   | -                                     | 2,808,322             |
| Real assets                                    | 9,561,466            | -                   | -                                     | 9,561,466             |
| Equity   | 10,301,279           | -                   | -                                     | 10,301,279            |
| Hedge Funds                                    |                      |                     |                                       |                       |
| Equities                                       | -                    | -                   | 55,855,513                            | 55,855,513            |
| Event driven                                   | -                    | -                   | 8,010,240                             | 8,010,240             |
| Open mandate                                   | -                    | -                   | 4,136,499                             | 4,136,499             |
| Global long/short                              | -                    | -                   | 50,584,981                            | 50,584,981            |
| Fixed income                                   | -                    | -                   | 19,128,658                            | 19,128,658            |
| Real asset                                     | -                    | -                   | 4,106,699                             | 4,106,699             |
| Global emerging markets                        | -                    | -                   | 6,105,265                             | 6,105,265             |
| Total Investments at Fair Value                | <u>\$ 30,878,232</u> | <u>\$ 7,105,308</u> | <u>\$ 147,927,855</u>                 | 185,911,395           |
| Certificates of deposit, at cost plus interest |                      |                     |                                       | 264,650               |
| Cash held for investment, at cost              |                      |                     |                                       | 2,105,637             |
| Total Investments                              |                      |                     |                                       | <u>\$ 188,281,682</u> |

(\*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Information regarding investments valued at NAV using the practical expedient at December 31, 2019 are as follows:

|   | Fair Value            | Unfunded<br>Commitments | Redemption Frequency | Redemption<br>Notice<br>Period |
|---|-----------------------|-------------------------|----------------------|--------------------------------|
| Equities (see "a" below)                | \$ 69,196,962         | \$ -                    | Daily-Quarterly      | 30 - 60 Days                   |
| Event driven (see "b" below)            | 8,470,337             | -                       | Quarterly-N/A        | 44 Days - N/A                  |
| Open mandate (see "c" below)            | 2,796,500             | -                       | Monthly-N/A          | 90 Days - N/A                  |
| Global long/short (see "d" below)       | 58,581,931            | -                       | Quarterly-Annually   | 30 Days                        |
| Fixed income (see "e" below)            | 20,415,047            | -                       | Daily                | 15 Days                        |
| Real assets (see "f" below)             | 4,619,686             | -                       | Monthly              | 30 Days                        |
| Global emerging markets (see "g" below) | 7,724,901             | -                       | Monthly              | 31 Days                        |
| Private equities (see "h" below)        | 1,962,682             | 8,203,946               | N/A                  | N/A                            |
|   | <u>\$ 173,768,046</u> | <u>\$ 8,203,946</u>     |                      |                                |

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 4. Investments (*continued*)

- (a) This class includes funds that invest predominantly in long-only, diversified equity securities seeking to outperform reference equity market benchmarks in the US and overseas.
- (b) This category includes funds that invest in a broad array of strategies seeking to exploit security mispricing caused by mergers and acquisitions, spin-offs, tracking stocks, accounting write-offs, reorganizations, bankruptcies, share buybacks and special dividends. Certain investments in this category cannot be redeemed at the Foundation's discretion.
- (c) This category includes funds that invest in multi-strategy portfolios that have a broad mandate and employ an opportunistic investment approach, shifting capital across asset classes and strategies depending on their profitability. These funds may vary their allocations dramatically across strategies over time and may invest heavily in a certain strategy or not at all depending on the opportunity set at that time. Certain investments in this category cannot be redeemed at the Foundation's discretion.
- (d) This class includes funds with portfolios consisting of a core group of long stock positions with short sales of stock and stock indices in global equity markets. These funds vary in their use of short-selling and leverage.
- (e) This category consists of one fund that invests in a portfolio of intermediate duration, US government bonds – seeking to replicate the returns of the Barclays Intermediate Government Bond Index.
- (f) This category consists of one fund that invests in a diversified, long-only portfolio of US Master Limited Partnerships.
- (g) This category consists of one fund who invests in global emerging markets. The fund pursues its investment objective by investing all of its investible assets in the master fund. The master fund employs a thematic investment strategy that combines top down and bottom-up approaches to investing in emerging and, to a limited extent, frontier markets.
- (h) This category includes private equity investments. These are long term investments that cannot be redeemed at the discretion of the Foundation. Instead, distributions are received through the liquidation of the underlying assets of the funds.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 5. Liquidity and Availability of Financial Assets

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows for December 31:

|  | <u>2019</u>           | <u>2018</u>           |
|--|-----------------------|-----------------------|
| Financial assets:  |                       |                       |
| Cash and cash equivalents  | \$ 1,993,697          | \$ 4,029,299          |
| Accounts and interest receivable   | 34,405                | 186,296               |
| Due from investment manager  | 72,741                | 5,155,704             |
| Investments  | <u>221,746,017</u>    | <u>188,281,682</u>    |
| Total financial assets   | 223,846,860           | 197,652,981           |
| <br>   |                       |                       |
| Less: Illiquid investments   | <u>2,473,036</u>      | <u>2,507,259</u>      |
| <br>   |                       |                       |
| Financial assets available to meet general expenditures<br>over the next twelve months | <u>\$ 221,373,824</u> | <u>\$ 195,145,722</u> |

As part of the Foundation's liquidity management strategy, the Foundation structures its financial assets to be available as its grant payments and other general liabilities come due. The withdrawals are adjusted based on the grants to be disbursed and other factors affecting available cash such as capital calls on investments, investment income and capital distributions, general operating expenses, program costs and other factors affecting available cash. The Foundation also maintains a line of credit of \$1,500,000 with a bank that can be drawn upon as needed during the year. It is the Foundation's policy to repay any borrowings in full by the end of the year.

### 6. Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements consists of the following as of December 31:

|                                      | <u>2019</u>       | <u>2018</u>       |
|--------------------------------------|-------------------|-------------------|
| Leasehold improvements and furniture | \$ 1,668,663      | \$ 1,668,663      |
| Computer equipment                   | <u>550,321</u>    | <u>400,967</u>    |
|                                      | 2,218,984         | 2,069,630         |
| Less: accumulated depreciation       | <u>1,928,996</u>  | <u>1,794,372</u>  |
|                                      | <u>\$ 289,988</u> | <u>\$ 275,258</u> |

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 7. Grants Payable

The Foundation has entered into grant commitments with certain organizations. Payments to these organizations at December 31, are to be made as follows:

|                              | <u>2019</u>         | <u>2018</u>         |
|------------------------------|---------------------|---------------------|
| Less than one year           | \$ 1,690,000        | \$ 922,500          |
| One to three years           | <u>665,000</u>      | <u>200,000</u>      |
|                              | 2,355,000           | 1,122,500           |
| Less: present value discount | <u>10,574</u>       | <u>5,200</u>        |
| Grants Payable, net          | <u>\$ 2,344,426</u> | <u>\$ 1,117,300</u> |

To reflect the time value of money, grants payable as of December 31, 2019 and 2018 were discounted to the present value at rates ranging from 1.58% to 2.60%.

### 8. Taxes

The Foundation is subject to a federal excise tax of 2% on its net investment income. This tax is reduced to 1% if certain distribution requirements are met. In addition, the Foundation provides for deferred federal excise tax. Deferred taxes principally arise from differences between the cost and fair value of investments where aggregate fair value exceeds cost and are calculated using a 1.39% rate at December 31, 2019 and 2% at December 31, 2018.

### 9. Related Party Transactions

Grants were paid to certain organizations with which certain Foundation directors are associated. During 2019 and 2018 grants paid to such organizations were \$550,680 and \$510,020. As of December 31, 2019, the Foundation has committed to make additional payments of \$100,000 to such organizations in the future. In keeping with Foundation policy, directors associated with applicant organizations recuse themselves from the related grant making decisions.

### 10. Retirement Benefits and Deferred Compensation

The Foundation funds a defined contribution pension plan for its eligible full-time employees and qualifying part-time employees. Employees are eligible after six months of employment. From the month of eligibility, the Foundation annually contributes ten percent of employees' earnings to the plan. Plan expense was \$178,774 and \$136,663 in 2019 and 2018.

In addition, the Foundation provides a 457(b) deferred compensation plan that is limited to key employees. The Foundation adopted the plan as an unfunded, nonqualified deferred compensation plan. The Foundation's contribution to the 457(b) plan was \$39,000 and \$38,000 in 2019 and 2018. As of December 31, 2019 and 2018, the 457(b) plan liability was \$259,835 and \$164,811, which is reflected in the statements of financial position. The Foundation has set aside certain investments to fund this obligation.



## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
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### 11. Lease Commitments

The Foundation leases office space in Washington, D.C. The office space lease is for the period beginning October 15, 2008 and ending February 28, 2021.

As of December 31, 2019 future minimum annual rental payments are as follows:

|      |                   |
|------|-------------------|
| 2020 | \$ 783,563        |
| 2021 | <u>131,077</u>    |
|      | <u>\$ 914,640</u> |

The lease agreement requires additional payments to cover the escalation of maintenance costs and real estate taxes. The Foundation records its rental expense on the straight-line basis. Rental expense was \$698,829 and \$694,679 for the years ended December 31, 2019 and 2018. Rent expense totaling \$34,941 and \$34,734 for the years ended December 31, 2019 and 2018 were included in direct investment expenses on the statements of activities.

### 12. Line of Credit

On December 19, 2018 the Foundation obtained an unsecured line of credit of \$1,500,000. The line expires on December 18, 2020 and has an interest rate of 1 month LIBOR plus 1.65%. There were no amounts drawn upon or outstanding under the line as of December 31, 2019 and 2018.

### 13. Contingencies

From time to time, the Foundation is involved in legal actions. The Foundation believes the liabilities, if any, that may result from such actions will not have a materially adverse effect on the Foundation's position.

### 14. Subsequent Events

Subsequent to year end, the COVID-19 pandemic has resulted in substantial volatility in the global financial markets. Because of the response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

\* \* \* \* \*