

**Eugene and Agnes E. Meyer Foundation**

Financial Statements

December 31, 2021 and 2020

## **Independent Auditors' Report**

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

### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

**Auditors' Responsibilities for the Audit of the Financial Statements (*continued*)**

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*PKF O'Connor Davies, LLP*

September 26, 2022

## Eugene and Agnes E. Meyer Foundation

### Statements of Financial Position

|   | December 31           |                       |
|---|-----------------------|-----------------------|
|   | 2021                  | 2020                  |
| <b>ASSETS</b>   |                       |                       |
| Cash and cash equivalents                             | \$ 6,081,583          | \$ 8,006,479          |
| Accounts and interest receivable                      | 3,006                 | 3,304                 |
| Prepaid expenses and deposits                         | 153,536               | 58,945                |
| Prepaid federal excise tax                            | -                     | 204,172               |
| Investments - deferred compensation                   | 486,954               | 376,787               |
| Due from investment manager                           | 121,019               | 72,741                |
| Investments   | 258,462,761           | 235,425,348           |
| Furniture, equipment, and leasehold improvements, net | <u>65,257</u>         | <u>131,211</u>        |
|   | <u>\$ 265,374,116</u> | <u>\$ 244,278,987</u> |
| <br>  |                       |                       |
| <b>LIABILITIES AND NET ASSETS</b>                     |                       |                       |
| Liabilities   |                       |                       |
| Accounts payable and accrued expenses                 | \$ 122,167            | \$ 202,786            |
| Grants payable, net                                   | 4,359,637             | 645,000               |
| Federal excise tax payable                            | 165,915               | -                     |
| Deferred federal excise tax payable                   | 1,650,705             | 1,238,370             |
| Deferred rent   | -                     | 30,601                |
| Deferred compensation                                 | <u>486,954</u>        | <u>376,787</u>        |
| Total Liabilities                                     | 6,785,378             | 2,493,544             |
| <br>  |                       |                       |
| Net assets without donor restrictions                 | <u>258,588,738</u>    | <u>241,785,443</u>    |
|   | <u>\$ 265,374,116</u> | <u>\$ 244,278,987</u> |

See notes to financial statements

## Eugene and Agnes E. Meyer Foundation

### Statements of Activities

|  | Year Ended     |                |
|--|----------------|----------------|
|  | December 31    |                |
|  | 2021           | 2020           |
| <b>INVESTMENT RETURN AND OTHER INCOME</b>    |                |                |
| Investment Return                            |                |                |
| Dividends and interest                       | \$ 1,217,141   | \$ 680,302     |
| Net realized gain on sale of investments     | 5,334,918      | 1,278,282      |
| Unrealized gain on investments               | 29,666,414     | 32,024,112     |
|  | 36,218,473     | 33,982,696     |
| Less direct investment expenses              | 826,421        | 764,601        |
| Total Investment Return                      | 35,392,052     | 33,218,095     |
| Other income                                 | 13,710         | 52,482         |
| Total Investment Return and Other Income     | 35,405,762     | 33,270,577     |
| <b>EXPENSES</b>                              |                |                |
| Grant awards                                 | 13,604,183     | 7,537,330      |
| Direct charitable activities                 | 2,973,672      | 3,012,067      |
| Operations and governance                    | 1,169,333      | 1,159,046      |
| Tax provision                                | 855,279        | 793,233        |
| Total Expenses                               | 18,602,467     | 12,501,676     |
| Change in Net Assets                         | 16,803,295     | 20,768,901     |
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> |                |                |
| Beginning of year                            | 241,785,443    | 221,016,542    |
| End of year                                  | \$ 258,588,738 | \$ 241,785,443 |

See notes to financial statements

**Eugene and Agnes E. Meyer Foundation**

Statement of Functional Expenses  
Year Ended December 31, 2021

|                                     | Program Expenses     |                              |                        |                           |                   |                      |
|-------------------------------------|----------------------|------------------------------|------------------------|---------------------------|-------------------|----------------------|
|                                     | Grant Awards         | Direct Charitable Activities | Total Program Expenses | Operations and Governance | Tax Provision     | Total                |
| Grants                              | \$ 13,604,183        | \$ -                         | \$ 13,604,183          | \$ -                      | \$ -              | \$ 13,604,183        |
| Salaries and wages                  | -                    | 1,318,976                    | 1,318,976              | 468,445                   | -                 | 1,787,421            |
| Employee benefits and payroll taxes | -                    | 359,330                      | 359,330                | 127,618                   | -                 | 486,948              |
| Board/committee expenses            | -                    | 10,564                       | 10,564                 | -                         | -                 | 10,564               |
| Consulting services                 | -                    | 728,757                      | 728,757                | 258,824                   | -                 | 987,581              |
| Other programmatic expenses         | -                    | 8,650                        | 8,650                  | -                         | -                 | 8,650                |
| Travel                              | -                    | 902                          | 902                    | 471                       | -                 | 1,373                |
| Meeting expense-program             | -                    | 121,445                      | 121,445                | -                         | -                 | 121,445              |
| Communications and postage          | -                    | 15,045                       | 15,045                 | -                         | -                 | 15,045               |
| Insurance                           | -                    | 11,044                       | 11,044                 | 3,922                     | -                 | 14,966               |
| Depreciation and amortization       | -                    | 59,871                       | 59,871                 | 21,264                    | -                 | 81,135               |
| Rent and utilities                  | -                    | 129,667                      | 129,667                | 46,052                    | -                 | 175,719              |
| Professional fees                   | -                    | 86,928                       | 86,928                 | 45,101                    | -                 | 132,029              |
| Federal excise tax                  | -                    | -                            | -                      | -                         | 442,944           | 442,944              |
| Deferred excise tax                 | -                    | -                            | -                      | -                         | 412,335           | 412,335              |
| Other office expenses               | -                    | 122,493                      | 122,493                | 197,636                   | -                 | 320,129              |
| <b>Total</b>                        | <b>\$ 13,604,183</b> | <b>\$ 2,973,672</b>          | <b>\$ 16,577,855</b>   | <b>\$ 1,169,333</b>       | <b>\$ 855,279</b> | <b>\$ 18,602,467</b> |

See notes to financial statements

**Eugene and Agnes E. Meyer Foundation**

Statement of Functional Expenses  
Year Ended December 31, 2020

|                                     | Program Expenses    |                              |                        |                           |                   | Total                |
|-------------------------------------|---------------------|------------------------------|------------------------|---------------------------|-------------------|----------------------|
|                                     | Grant Awards        | Direct Charitable Activities | Total Program Expenses | Operations and Governance | Tax Provision     |                      |
| Grants                              | \$ 7,537,330        | \$ -                         | \$ 7,537,330           | \$ -                      | \$ -              | \$ 7,537,330         |
| Salaries and wages                  | -                   | 1,414,024                    | 1,414,024              | 530,484                   | -                 | 1,944,508            |
| Employee benefits and payroll taxes | -                   | 370,658                      | 370,658                | 140,124                   | -                 | 510,782              |
| Board/committee expenses            | -                   | 1,881                        | 1,881                  | 1,060                     | -                 | 2,941                |
| Consulting services                 | -                   | 263,389                      | 263,389                | 98,807                    | -                 | 362,196              |
| Travel                              | -                   | 6,652                        | 6,652                  | 2,847                     | -                 | 9,499                |
| Meeting expense-program             | -                   | 4,500                        | 4,500                  | -                         | -                 | 4,500                |
| Communications and postage          | -                   | 83,410                       | 83,410                 | 1                         | -                 | 83,411               |
| Insurance                           | -                   | 26,222                       | 26,222                 | 9,837                     | -                 | 36,059               |
| Depreciation and amortization       | -                   | 126,206                      | 126,206                | 47,347                    | -                 | 173,553              |
| Rent and utilities                  | -                   | 480,384                      | 480,384                | 180,220                   | -                 | 660,604              |
| Professional fees                   | -                   | 111,430                      | 111,430                | 41,804                    | -                 | 153,234              |
| Federal excise tax                  | -                   | -                            | -                      | -                         | 244,756           | 244,756              |
| Deferred excise tax                 | -                   | -                            | -                      | -                         | 548,477           | 548,477              |
| Other office expenses               | -                   | 123,311                      | 123,311                | 106,515                   | -                 | 229,826              |
| <b>Total</b>                        | <b>\$ 7,537,330</b> | <b>\$ 3,012,067</b>          | <b>\$ 10,549,397</b>   | <b>\$ 1,159,046</b>       | <b>\$ 793,233</b> | <b>\$ 12,501,676</b> |

See notes to financial statements

## Eugene and Agnes E. Meyer Foundation

### Statements of Cash Flows

|   | Year Ended December 31 |               |
|---|------------------------|---------------|
|   | 2021                   | 2020          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                        |               |
| Change in net assets  | \$ 16,803,295          | \$ 20,768,901 |
| Adjustments to reconcile change in net assets to net cash from operating activities |                        |               |
| Depreciation and amortization   | 81,135                 | 173,553       |
| Grant discount  | (5,363)                | 10,574        |
| Realized gains on sale of investments   | (5,334,918)            | (1,278,282)   |
| Deferred rent   | (30,601)               | (148,327)     |
| Unrealized gain on investments  | (29,666,414)           | (32,024,112)  |
| Deferred federal excise tax   | 412,335                | 548,477       |
| Net changes in operating assets and liabilities                                     |                        |               |
| Accounts and interest receivable  | 298                    | 31,101        |
| Prepaid expenses and deposits   | (94,591)               | 44,479        |
| Prepaid federal excise tax  | 204,172                | 177,236       |
| Accounts payable and accrued expenses   | (80,619)               | (189,105)     |
| Grants payable  | 3,720,000              | (1,710,000)   |
| Federal excise tax payable  | 165,915                | -             |
| Net Cash From Operating Activities  | (13,825,356)           | (13,595,505)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                        |               |
| Purchase of furniture and equipment   | (15,181)               | (14,776)      |
| Due from investment manager   | (48,278)               | -             |
| Purchase of investments   | (31,871,066)           | (14,920,790)  |
| Proceeds from sale of investments   | 43,834,985             | 34,543,853    |
| Net Cash From Investing Activities  | 11,900,460             | 19,608,287    |
| Net Change in Cash and Cash Equivalents   | (1,924,896)            | 6,012,782     |
| <b>CASH AND CASH EQUIVALENTS</b>  |                        |               |
| Beginning of year   | 8,006,479              | 1,993,697     |
| End of year   | \$ 6,081,583           | \$ 8,006,479  |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>   |                        |               |
| Federal excise taxes paid   | \$ 72,857              | \$ 117,520    |

See notes to financial statements



## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

### 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.

#### ***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 Federal Deposit Insurance Corporation ("FDIC") insurance limits.

#### ***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.

## **Eugene and Agnes E. Meyer Foundation**

Notes to Financial Statements  
December 31, 2021 and 2020

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

#### ***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 hedge funds and private equity 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 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.

#### ***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 amortized 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 at fair value using a present value technique.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

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

#### ***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 elected to segregate the assets related to deferred compensation on the statements of financial position. At December 31, 2021 and 2020, 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, 2021 and 2020.

#### ***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.

#### ***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, 2018.

#### ***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 26, 2022.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 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, hedge funds, private equities, bonds and notes issued by financially strong entities 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.

### 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                                    | 2021                 |                 |                                       | Total                 |
|--|----------------------|-----------------|---------------------------------------|-----------------------|
|  | Level 1              | Level 2         | Investments<br>Measured at<br>NAV (*) |                       |
| Equities                                       | \$ 12,645,289        | \$ -            | \$ -                                  | \$ 12,645,289         |
| Government Securities                          |                      |                 |                                       |                       |
| Foreign government                             | -                    | 11              | -                                     | 11                    |
| Corporate obligations                          | -                    | 6,874           | -                                     | 6,874                 |
| Mutual Funds                                   |                      |                 |                                       |                       |
| Real assets                                    | 7,517,260            | -               | -                                     | 7,517,260             |
| Equity   | 11,244,224           | -               | -                                     | 11,244,224            |
| Intermediate                                   | 8,188,977            | -               | -                                     | 8,188,977             |
| Hedge Funds                                    |                      |                 |                                       |                       |
| Equities                                       | -                    | -               | 84,273,515                            | 84,273,515            |
| Event driven                                   | -                    | -               | 5,634,403                             | 5,634,403             |
| Open mandate                                   | -                    | -               | 3,176,849                             | 3,176,849             |
| Global long/short                              | -                    | -               | 82,895,322                            | 82,895,322            |
| Fixed income                                   | -                    | -               | 17,164,524                            | 17,164,524            |
| Private equities                               | -                    | -               | 18,236,679                            | 18,236,679            |
| Commingled funds                               | -                    | -               | 6,888,737                             | 6,888,737             |
| Total Investments at Fair Value                | <u>\$ 39,595,750</u> | <u>\$ 6,885</u> | <u>\$ 218,270,029</u>                 | 257,872,664           |
| Certificates of deposit, at cost plus interest |                      |                 |                                       | 267,389               |
| Cash held for investment, at cost              |                      |                 |                                       | 322,708               |
| Total Investments                              |                      |                 |                                       | <u>\$ 258,462,761</u> |

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

### 4. Investments (continued)

| Description                                    | 2020                 |                 |                                       |                       |
|--|----------------------|-----------------|---------------------------------------|-----------------------|
|  | Level 1              | Level 2         | Investments<br>Measured at<br>NAV (*) | Total                 |
| Equities                                       | \$ 9,591,002         | \$ -            | \$ -                                  | \$ 9,591,002          |
| Government Securities                          |                      |                 |                                       |                       |
| Foreign government                             | -                    | 451             | -                                     | 451                   |
| Corporate obligations                          | -                    | 6,873           | -                                     | 6,873                 |
| Mutual Funds                                   |                      |                 |                                       |                       |
| Real assets                                    | 11,204,608           | -               | -                                     | 11,204,608            |
| Equity   | 10,362,056           | -               | -                                     | 10,362,056            |
| Intermediate                                   | 8,264,329            | -               | -                                     | 8,264,329             |
| Hedge Funds                                    |                      |                 |                                       |                       |
| Equities                                       | -                    | -               | 81,866,737                            | 81,866,737            |
| Event driven                                   | -                    | -               | 5,284,910                             | 5,284,910             |
| Open mandate                                   | -                    | -               | 2,895,141                             | 2,895,141             |
| Global long/short                              | -                    | -               | 70,047,657                            | 70,047,657            |
| Fixed income                                   | -                    | -               | 17,576,317                            | 17,576,317            |
| Real asset                                     | -                    | -               | 3,424,756                             | 3,424,756             |
| Global emerging markets                        | -                    | -               | 7,703,960                             | 7,703,960             |
| Private equities                               | -                    | -               | 6,253,230                             | 6,253,230             |
| Total Investments at Fair Value                | <u>\$ 39,421,995</u> | <u>\$ 7,324</u> | <u>\$ 195,052,708</u>                 | 234,482,027           |
| Certificates of deposit, at cost plus interest |                      |                 |                                       | 265,619               |
| Cash held for investment, at cost              |                      |                 |                                       | 677,702               |
| Total Investments                              |                      |                 |                                       | <u>\$ 235,425,348</u> |

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

One of the investments held at December 31, 2021 and 2020 made up 26% of the Foundation's investment portfolio.

Information regarding investments valued at NAV using the practical expedient at December 31, 2021 are as follows:

|                                   | Fair Value            | Unfunded<br>Commitments | Redemption Frequency | Redemption<br>Notice Period |
|-----------------------------------|-----------------------|-------------------------|----------------------|-----------------------------|
| Hedge Funds                       |                       |                         |                      |                             |
| Equities (see "a" below)          | \$ 84,273,515         | \$ -                    | Daily-Quarterly      | 30 - 60 Days                |
| Event driven (see "b" below)      | 5,634,403             | -                       | Quarterly-N/A        | 44 Days - N/A               |
| Open mandate (see "c" below)      | 3,176,849             | -                       | Monthly-N/A          | 90 Days - N/A               |
| Global long/short (see "d" below) | 82,895,322            | -                       | Quarterly-Annually   | 30 -180 Days                |
| Fixed income (see "e" below)      | 17,164,524            | -                       | Daily                | 15 Days                     |
| Private equities (see "f" below)  | 18,236,679            | 16,202,177              | N/A                  | N/A                         |
| Commingled fund (see "g" below)   | 6,888,737             | -                       | Monthly-N/A          | 10 days - N/A               |
|                                   | <u>\$ 218,270,029</u> | <u>\$ 16,202,177</u>    |                      |                             |

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

### 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 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.
- (g) This category includes one investment. The objective of the fund is to achieve long-term capital appreciation by investing in a portfolio of US stocks of companies that demonstrate positive net contribution on communities. The fund seeks to match constituents of the US Community Investing Index as closely as practicable.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

### 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>2021</u>           | <u>2020</u>           |
|--|-----------------------|-----------------------|
| Financial assets:  |                       |                       |
| Cash and cash equivalents  | \$ 6,081,583          | \$ 8,006,479          |
| Accounts and interest receivable   | 3,006                 | 3,304                 |
| Due from investment manager  | 121,019               | 72,741                |
| Investments  | <u>258,462,761</u>    | <u>235,425,348</u>    |
| Total financial assets   | 264,668,369           | 243,507,872           |
| <br>   |                       |                       |
| Less: Illiquid investments   | <u>19,896,295</u>     | <u>6,545,263</u>      |
| <br>   |                       |                       |
| Financial assets available to meet general expenditures<br>over the next twelve months | <u>\$ 244,772,074</u> | <u>\$ 236,962,609</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>2021</u>      | <u>2020</u>       |
|---|------------------|-------------------|
| Leasehold improvements and furniture            | \$ 324,851       | \$ 1,669,828      |
| Computer equipment                              | <u>579,112</u>   | <u>563,932</u>    |
|   | 903,963          | 2,233,760         |
| Less: accumulated depreciation and amortization | <u>838,706</u>   | <u>2,102,549</u>  |
|   | <u>\$ 65,257</u> | <u>\$ 131,211</u> |

Depreciation and amortization expense amounted to \$81,135 and \$173,553 for the years ended December 31, 2021 and 2020. Fully depreciated equipment with a basis of \$1,344,978 was disposed of during 2021.

## Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

### 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>2021</u>         | <u>2020</u>       |
|------------------------------|---------------------|-------------------|
| Less than one year           | \$ 2,990,000        | \$ 645,000        |
| One to three years           | <u>1,375,000</u>    | <u>-</u>          |
|                              | 4,365,000           | 645,000           |
| Less: present value discount | <u>5,363</u>        | <u>-</u>          |
| Grants Payable, net          | <u>\$ 4,359,637</u> | <u>\$ 645,000</u> |

To reflect the time value of money, grants payable beyond one year as of December 31, 2021 were discounted to the present value at a rate of 0.39%, respectively.

### 8. Taxes

The Foundation is a private foundation as defined in section 509(a) of the Internal Revenue Code. The Foundation is subject to a Federal excise tax of 1.39% on its net investment income, as defined, for tax purposes. 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, 2021 and 2020.

### 9. Related Party Transactions

Grants were paid to certain organizations with which certain Foundation directors are associated. During 2021 and 2020 grants paid to such organizations were \$512,500 and \$638,305. 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 \$178,647 and \$192,228 in 2021 and 2020.

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 \$56,229 and \$49,500 in 2021 and 2020. As of December 31, 2021 and 2020, the 457(b) plan liability was \$486,954 and \$376,787, 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  
December 31, 2021 and 2020

### 11. Lease Commitments

The Foundation leases office space in Washington, D.C which ended February 28, 2021. In February 2021, the Foundation entered into a new lease for the period beginning July 13, 2021 and ending July 31, 2023.

As of December 31, 2021 future minimum annual rental payments are as follows:

|      |                   |
|------|-------------------|
| 2022 | \$ 240,795        |
| 2023 | <u>142,709</u>    |
|      | <u>\$ 383,504</u> |

The lease agreement requires additional payments to cover operating expenses. The Foundation records rental expense on a straight-line when there are material step-ups in rent amounts. Rental expense which includes related utilities was \$186,046 and \$695,373 for the years ended December 31, 2021 and 2020. Rent expense totaling \$10,326 and \$34,769 for the years ended December 31, 2021 and 2020 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, 2022 and has an interest rate of 1 month LIBOR plus 1.70%. There were no amounts drawn upon or outstanding under the line as of December 31, 2021 and 2020.

### 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.

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