

Eugene and Agnes E. Meyer Foundation

Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the Foundation adopted the Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with January 1, 2022, as the date of initial adoption. Our opinion is not modified with respect to this matter.

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.

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

October 30, 2023

Eugene and Agnes E. Meyer Foundation

Statements of Financial Position

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 591,340	\$ 6,081,583
Accounts and interest receivable	3,225	3,006
Prepaid expenses and deposits	58,789	153,536
Investments - deferred compensation	394,247	486,954
Due from investment manager	-	121,019
Investments	209,253,726	258,462,761
Right of use asset - operating lease, net	405,741	-
Furniture, equipment, and leasehold improvements, net	15,205	65,257
	\$ 210,722,273	\$ 265,374,116
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 211,839	\$ 122,167
Grants payable, net	7,701,260	4,359,637
Federal excise tax payable	257,783	165,915
Deferred federal excise tax payable	1,112,864	1,650,705
Deferred rent	1,922	-
Deferred compensation	394,247	486,954
Lease liability, operating lease	410,257	-
Total Liabilities	10,090,172	6,785,378
Net assets without donor restrictions	200,632,101	258,588,738
	\$ 210,722,273	\$ 265,374,116

See notes to financial statements

Eugene and Agnes E. Meyer Foundation

Statements of Activities

	Year Ended December 31	
	2022	2021
INVESTMENT RETURN AND OTHER INCOME		
Investment Return		
Dividends and interest	\$ 1,206,760	\$ 1,217,141
Net realized (loss) gain on sale of investments	(793,078)	5,334,918
Unrealized (loss) gain on investments	(38,701,725)	29,666,414
	(38,288,043)	36,218,473
Less direct and indirect investment expenses	819,137	826,421
Total Investment Return	(39,107,180)	35,392,052
Other income	32,739	13,710
Total Investment Return and Other Income	(39,074,441)	35,405,762
 EXPENSES		
Grant awards	15,827,410	13,715,378
Direct charitable activities	2,291,083	2,862,477
Operations and governance	986,397	1,169,333
Tax (benefit) provision	(222,694)	855,279
Total Expenses	18,882,196	18,602,467
 Change in Net Assets	(57,956,637)	16,803,295
 NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	258,588,738	241,785,443
End of year	\$ 200,632,101	\$ 258,588,738

See notes to financial statements

Eugene and Agnes E. Meyer Foundation

Statement of Functional Expenses Year Ended December 31, 2022

	Program Expenses			Operations and Governance	Tax Provision	Total
	Grant Awards	Direct Charitable Activities	Total Program Expenses			
Grants, net of refunds of \$57,000	\$ 14,352,398	\$ -	\$ 14,352,398	\$ -	\$ -	\$ 14,352,398
Salaries and wages	-	1,258,011	1,258,011	549,729	-	1,807,740
Employee benefits and payroll taxes	-	296,463	296,463	129,548	-	426,011
Board/committee expenses	-	6,581	6,581	287	-	6,868
Consulting services	-	207,793	207,793	90,802	-	298,595
Fund for Black-led Change expenses	1,475,012	-	1,475,012	-	-	1,475,012
Travel	-	18,050	18,050	6,820	-	24,870
Meeting expense-program	-	8,721	8,721	-	-	8,721
Communications and postage	-	12,183	12,183	-	-	12,183
Insurance	-	22,445	22,445	9,808	-	32,253
Depreciation and amortization	-	39,842	39,842	17,410	-	57,252
Rent and utilities	-	129,205	129,205	54,487	-	183,692
Professional fees	-	92,452	92,452	40,400	-	132,852
Federal excise tax	-	-	-	-	315,147	315,147
Deferred excise tax	-	-	-	-	(537,841)	(537,841)
Other office expenses	-	199,337	199,337	87,106	-	286,443
Total	\$ 15,827,410	\$ 2,291,083	\$ 18,118,493	\$ 986,397	\$ (222,694)	\$ 18,882,196

See notes to financial statements

Eugene and Agnes E. Meyer Foundation

Statement of Functional Expenses Year Ended December 31, 2021

	Program Expenses					Total
	Grant Awards	Direct Charitable Activities	Total Program Expenses	Operations and Governance	Tax Provision	
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
Fund for Black-led Change expenses	111,195	-	111,195	-	-	111,195
Travel	-	902	902	471	-	1,373
Meeting expense-program	-	18,900	18,900	-	-	18,900
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
Total	<u>\$ 13,715,378</u>	<u>\$ 2,862,477</u>	<u>\$ 16,577,855</u>	<u>\$ 1,169,333</u>	<u>\$ 855,279</u>	<u>\$ 18,602,467</u>

See notes to financial statements

Eugene and Agnes E. Meyer Foundation

Statements of Cash Flows

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (57,956,637)	\$ 16,803,295
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right of use asset - operating lease	240,381	-
Depreciation and amortization	57,252	81,135
Grant discount	168,377	(5,363)
Realized loss (gains) on sale of investments	793,078	(5,334,918)
Deferred rent	1,922	(30,601)
Unrealized loss (gain) on investments	38,701,725	(29,666,414)
Deferred federal excise tax	(537,841)	412,335
Net changes in operating assets and liabilities		
Accounts and interest receivable	(219)	298
Prepaid expenses and deposits	94,747	(94,591)
Prepaid federal excise tax	-	204,172
Accounts payable and accrued expenses	89,672	(80,619)
Grants payable	3,173,246	3,720,000
Lease payable, net of amortization of imputed interest	(235,865)	
Federal excise tax payable	91,868	165,915
Net Cash From Operating Activities	(15,318,294)	(13,825,356)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(7,200)	(15,181)
Due from investment manager	121,019	(48,278)
Purchase of investments	(29,719,626)	(31,871,066)
Proceeds from sale of investments	39,433,858	43,834,985
Net Cash From Investing Activities	9,828,051	11,900,460
Net Change in Cash and Cash Equivalents	(5,490,243)	(1,924,896)
 CASH AND CASH EQUIVALENTS		
Beginning of year	6,081,583	8,006,479
End of year	\$ 591,340	\$ 6,081,583
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Federal excise taxes paid	\$ 173,279	\$ 72,857

See notes to financial statements

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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 Policy

The Foundation adopted FASB Topic 842, Leases, using the effective date method with January 1, 2022, as the date of initial adoption, with certain practical expedients available.

The Foundation elected the available practical expedients to account for its existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, on January 1, 2022, the Foundation recognized a lease liability of \$646,122 that represents the present value of the remaining operating lease payments discounted based on the federal treasury yields at the time of the lease inception. The Foundation also recognized a right-of-use (“ROU”) asset of \$646,122.

The standard had an impact on the Foundation’s statement of financial position but did not have an impact on its statements of activities, functional expenses or cash flows. The most significant impact was the recognition of ROU asset and lease liability for operating lease.

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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

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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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 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.

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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

Investment Risks and Uncertainties (continued)

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.

Leases

As of January 1, 2022, the Foundation leases its facilities and determines if an arrangement is a lease at inception. Their operating lease is included in right-of-use operating lease asset and lease liability for operating lease on the accompanying statement of financial position.

ROU asset represents the right to use an underlying asset for the lease term and lease liability represents the obligation to make lease payments arising from the lease. Operating lease ROU asset and liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Foundation uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation's lease agreement do not contain any material residual value guarantees or material restrictive covenants.

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.

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, 2022 and 2021, the assets are comprised of mutual funds and are based on level 1 inputs.

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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

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, 2022 and 2021.

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, 2019.

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 October 30, 2023.

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 cash 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. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and the SIPC limit. As of December 31, 2022 and 2021, The Foundation's uninsured cash and cash equivalents balances on deposit totaled approximately \$341,000 and \$5,831,000, respectively. As of December 31, 2022 and 2021, The Foundation's uninsured investment holdings totaled approximately \$208,488,000 and \$257,963,000, respectively.

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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	2022		
	Level 1	Investments Measured at NAV (*)	Total
Equities	\$ 8,607,913	\$ -	\$ 8,607,913
Mutual Funds			
Real assets	5,441,289	-	5,441,289
Equity	8,969,451	-	8,969,451
Intermediate	12,153,270	-	12,153,270
Hedge Funds			
Equities	-	64,264,873	64,264,873
Event driven	-	6,044,990	6,044,990
Open mandate	-	2,694,375	2,694,375
Global long/short	-	53,974,908	53,974,908
Fixed income	-	8,622,265	8,622,265
Private equities	-	25,692,687	25,692,687
Commingled funds	-	12,006,191	12,006,191
Total Investments at Fair Value	<u>\$ 35,171,923</u>	<u>\$ 173,300,289</u>	208,472,212
Certificates of deposit, at cost plus interest			267,954
Cash held for investment, at cost			513,560
Total Investments			<u>\$ 209,253,726</u>

Description	2021			Total
	Level 1	Level 2	Investments Measured at 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
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4. Investments (*continued*)

(*) 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, 2022 and 2021 made up 20% and 23% of the Foundation's investment portfolio, respectively.

Information regarding investments valued at NAV using the practical expedient at December 31, 2022 are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds				
Equities (see "a" below)	\$ 64,264,873	\$ -	Daily-Quarterly	30 - 60 Days
Event driven (see "b" below)	6,044,990	-	Quarterly-N/A	44 Days - N/A
Open mandate (see "c" below)	2,694,375	-	Monthly-N/A	90 Days - N/A
Global long/short (see "d" below)	53,974,908	-	Quarterly-Annually	30 -180 Days
Fixed income (see "e" below)	8,622,265	-	Daily	15 Days
Private equities (see "f" below)	25,692,687	18,766,207	N/A	N/A
Commingled fund (see "g" below)	12,006,191	-	Monthly-N/A	10 days - N/A
	<u>\$ 173,300,289</u>	<u>\$ 18,766,207</u>		

- (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.

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
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4. Investments (continued)

(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.

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:

Financial Assets:		
Cash and cash equivalents	\$ 591,340	\$ 6,081,583
Accounts and interest receivable	3,225	3,006
Due from investment manager	-	121,019
Investments	<u>209,253,726</u>	<u>258,462,761</u>
Total Financial Assets	<u>209,848,291</u>	<u>264,668,369</u>
Less: Illiquid investments	<u>26,803,313</u>	<u>19,896,295</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 183,044,978</u>	<u>\$ 244,772,074</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>2022</u>	<u>2021</u>
Leasehold improvements and furniture	\$ 324,851	\$ 324,851
Computer equipment	<u>586,312</u>	<u>579,112</u>
	911,163	903,963
Less: accumulated depreciation and amortization	<u>895,958</u>	<u>838,706</u>
	<u>\$ 15,205</u>	<u>\$ 65,257</u>

Depreciation and amortization expense amounted to \$57,252 and \$81,135 for the years ended December 31, 2022 and 2021. 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
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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>2022</u>	<u>2021</u>
Less than one year	\$ 4,075,000	\$ 2,990,000
One to three years	<u>3,800,000</u>	<u>1,375,000</u>
	7,875,000	4,365,000
Less: present value discount	<u>173,740</u>	<u>5,363</u>
Grants Payable, net	<u>\$ 7,701,260</u>	<u>\$ 4,359,637</u>

To reflect the time value of money, grants payable beyond one year as of December 31, 2022 and 2021 were discounted to the present value ranging from 0.39% and 4.22%.

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, 2022 and 2021.

9. Related Party Transactions

Grants were paid to certain organizations with which certain Foundation directors are associated. During 2022 and 2021 grants paid to such organizations were \$1,245,000 and \$512,500. 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 \$159,583 and \$178,647 in 2022 and 2021.

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 \$36,420 and \$56,229 in 2022 and 2021. As of December 31, 2022 and 2021, the 457(b) plan liability was \$394,247 and \$486,954, which is reflected in the statements of financial position. The Foundation has set aside certain investments to fund this obligation.

11. 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.

Eugene and Agnes E. Meyer Foundation

Notes to Financial Statements
December 31, 2022 and 2021

12. 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 August 31, 2024. 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 \$193,122 and \$186,046 for the years ended December 31, 2022 and 2021. Rent expense totaling \$10,326 and \$34,769 for the years ended December 31, 2022 and 2021 were included in direct investment expenses on the statements of activities.

At December 31, 2022, the Foundation has an operating lease liability of \$410,257. The average interest rate used in calculating the lease liability was approximately 0.95%. For the year ended December 31, 2022, supplemental cash flow information for cash paid for amounts included in the measurement of the lease liability from the operating lease included in operating cash flows amounted to \$235,865.

Future minimum lease obligations are payable as follows at December 31, 2022:

Total future minimum lease payment	\$ 413,365
Less imputed interest	<u>(3,108)</u>
Total Lease Liability	<u>\$ 410,257</u>

Right of use - operating lease asset	\$ 646,122
Less accumulated amortization	<u>(240,381)</u>
	<u>\$ 405,741</u>

As of December 31, 2022 future minimum annual rental payments are as follows:

2023	\$ 246,808
2024	166,557
Less: present value discount	<u>(3,108)</u>
	<u>\$ 410,257</u>

13. Rental Income

The Foundation sublets its excess space to the Hill-Snowdon Foundation. Hill-Snowdon's sublease with the Foundation ended on August 31, 2023.

Future minimum lease amounts to be received as of December 31, 2022 are:

2023	\$ 13,454
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14. Line of Credit

On December 19, 2018 the Foundation obtained an unsecured line of credit of \$1,500,000. The line expires was set to expire on December 18, 2022 and has been extended and expires on December 18, 2023. The line 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, 2022 and 2021.

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