

Meyer Memorial Trust

Financial Statements

March 31, 2011 and 2010

Meyer Memorial Trust

Index

	Page(s)
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5–11



Report of Independent Auditors

To the Trustees of
Meyer Memorial Trust

In our opinion, the accompanying statements of financial position and the related statements of activities and of cash flows present fairly, in all material respects, the financial position of Meyer Memorial Trust (the "Trust") at March 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

July 28, 2011

Meyer Memorial Trust
Statements of Financial Position
March 31, 2011 and 2010

	2011	2010
Assets		
Investments, at fair value		
Short-term investment funds	\$ 11,708,169	\$ 10,032,579
Equity securities and funds	247,475,221	243,700,347
Fixed income securities and funds	57,121,982	56,763,879
Alternative asset interests	<u>335,038,915</u>	<u>280,728,633</u>
Total investments	651,344,287	591,225,438
Cash	257,547	144,963
Program-related investments	15,175,000	11,822,000
Accrued interest receivable and other assets	<u>460,823</u>	<u>508,707</u>
Total assets	<u>\$ 667,237,657</u>	<u>\$ 603,701,108</u>
Liabilities and unrestricted net assets		
Unpaid grants	\$ 9,481,514	\$ 8,574,325
Accounts payable and accrued expenses	2,144,205	1,865,217
Federal taxes payable, net	<u>1,555,176</u>	<u>209,318</u>
Total liabilities	13,180,895	10,648,860
Unrestricted net assets	<u>654,056,762</u>	<u>593,052,248</u>
Total liabilities and unrestricted net assets	<u>\$ 667,237,657</u>	<u>\$ 603,701,108</u>

The accompanying notes are an integral part of these financial statements.

Meyer Memorial Trust
Statements of Activities
Years Ended March 31, 2011 and 2010

	2011	2010
Unrestricted revenues		
Dividends	\$ 4,917,483	\$ 9,021,742
Interest	9,428,723	1,976,973
Rental and other income	81,655	151,500
	<u>14,427,861</u>	<u>11,150,215</u>
Net gains on investments		
Realized	34,020,646	38,048,521
Change in unrealized - equity and fixed income securities and funds	22,888,761	62,559,153
Change in unrealized - alternative asset interests	22,013,467	55,597,361
	<u>78,922,874</u>	<u>156,205,035</u>
Total unrestricted revenues and net gains	<u>93,350,735</u>	<u>167,355,250</u>
Expenses		
Grants approved, net	24,879,079	16,364,151
Program administration	3,655,317	2,841,410
Investment management and custodial fees	1,542,102	1,386,953
Investment administration	715,832	765,486
Provision for federal taxes	1,553,891	1,947,106
Total expenses	<u>32,346,221</u>	<u>23,305,106</u>
Change in unrestricted net assets	61,004,514	144,050,144
Unrestricted net assets at beginning of year	<u>593,052,248</u>	<u>449,002,104</u>
Unrestricted net assets at end of year	<u>\$ 654,056,762</u>	<u>\$ 593,052,248</u>

The accompanying notes are an integral part of these financial statements.

Meyer Memorial Trust
Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in unrestricted net assets	\$ 61,004,514	\$ 144,050,144
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Net realized and unrealized gains (losses) on investments	(78,922,874)	(156,205,035)
Grants approved, net	24,403,079	16,364,151
Grants paid	(23,495,889)	(26,108,101)
Change in operating assets and liabilities		
Program-related investments	(3,353,000)	1,463,334
Other assets and liabilities, net	326,872	378,626
Federal tax payable, net	1,345,858	1,097,106
Net cash used in operating activities	<u>(18,691,440)</u>	<u>(18,959,775)</u>
Cash flows from investing activities		
Proceeds from disposition of investments	175,001,714	270,383,132
Purchases of investments	<u>(156,197,690)</u>	<u>(251,474,549)</u>
Net cash provided by investing activities	<u>18,804,024</u>	<u>18,908,583</u>
Net change in cash	112,584	(51,192)
Cash at beginning of year	<u>144,963</u>	<u>196,155</u>
Cash at end of year	<u>\$ 257,547</u>	<u>\$ 144,963</u>

The accompanying notes are an integral part of these financial statements.

Meyer Memorial Trust

Notes to Financial Statements

March 31, 2011 and 2010

1. Summary of Significant Accounting Policies

Meyer Memorial Trust (the "Trust") is the residuary beneficiary of the Estate of Fred G. Meyer and was formed on April 1, 1982 as a charitable trust under the laws of Oregon. Upon formation of the Trust, total contributions from the Estate aggregated \$126,199,492. The Trust's accounts are maintained on the accrual basis of accounting.

Investments

The investment goal of the Trust is to invest its assets in a manner that will achieve a total rate of return sufficient to replace the assets spent for grants and expenses and to recoup any value lost due to inflation. To achieve this goal, some investment risk must be taken. To minimize such risk, the Trust diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies and investment managers. All financial assets are held in custody for the Trust in proprietary accounts by a major commercial bank, except those assets that have been invested in limited partnerships, hedge funds or in certain products with multiple investors, all of which have separate custodial arrangements appropriate to their legal structure.

In September 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2009-12, "Fair Value Measurements and Disclosures: Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)." The standard allows the Trust, as a practical expedient, to measure the fair value of investments that do not have readily determinable fair values on the basis of the net asset value ("NAV") per share of the investment if the net asset value of the investment is calculated in a manner consistent with Topic 946, "Financial Services – Investment Companies." The standard requires disclosures about the nature and risk of the investments and whether the investments are probable of being sold at amounts different from the NAV per share. The standard is effective for the first reporting period ending after December 15, 2009, which is March 31, 2010 for the Trust.

Investments with PIMCO, Wellington Management Company, T Rowe Price New Era Fund, Perry Corporation, Sanderson Asset Management, and F&C Management are valued at fair value by the Trust based on the NAV provided by the administrator of the fund and reported in the fund's financial statements, which are audited annually by independent accountants. There are no significant redemption restrictions associated with these investments.

The Trust records investments in accordance with Accounting Standards Codification, ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

- Level 1- Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access at the measurement date;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 – Inputs that are unobservable.

Meyer Memorial Trust

Notes to Financial Statements

March 31, 2011 and 2010

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. For assets and liabilities measured at fair value on a recurring basis in periods after initial recognition, the new guidance requires an entity to disclose the amounts of significant transfers between Levels 1 and 2, and transfers into and out of Level 3, of the fair value hierarchy, and the reasons for those transfers. The new guidance requires a gross presentation of purchases and sales of Level 3 activities, and also clarifies existing fair value disclosures about the level of disaggregation and about the inputs and valuation techniques used to measure fair value. The guidance was effective for the Trust as of January 1, 2010, with the exception of the requirement for increased disaggregation of Level 3 activities, which, if applicable, is effective for years starting after December 15, 2010.

Cash

Cash includes cash and deposits in depository institutions. The Trust places its cash in high credit quality institutions. At times, such amounts may be in excess of the federal insurance limits. Management believes that risk with respect to these balances is minimal, due to the high credit quality of these institutions.

Program-Related Investments

In accordance with Section 4944 of the Internal Revenue Code ("IRC"), the Trust is permitted to make investments that are related to its charitable programs. Program-related investments at March 31, 2011 primarily represent low or non-interest bearing loans, which facilitate charitable activities supported by the Trust. As of March 31, 2011 and 2010, the Trust has committed to \$750,000 and \$75,000, respectively, in low interest loans that have not yet been funded.

Grants

Grants are recorded when approved by the Trustees. Grants are approved subject to certain requirements. If the recipients fail to meet these conditions, or if grant program needs are less than the amount approved, grants may be canceled or refunded. These cancellations or refunds, normally small in amount, are recognized in the year in which they occur.

Office Furniture, Fixtures and Equipment

Expenditures for office furniture, fixtures and equipment totaling \$116,978 and \$46,982 for the years ended March 31, 2011 and 2010, respectively, have been charged to expense as incurred.

Investment and Program Administration

The classification of administrative expenses between investment and program activities is determined either by specific identification of the expenditure or by an allocation based on estimates of total personnel time expended.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

Meyer Memorial Trust
Notes to Financial Statements
March 31, 2011 and 2010

2. Investments

Investments at March 31, 2011 and March 31, 2010 are summarized as follows:

	March 31, 2011		March 31, 2010	
	Cost	Fair Value	Cost	Fair Value
U.S. cash and short term investment funds	\$ 11,708,169	\$ 11,708,169	\$ 10,032,579	\$ 10,032,579
U.S. equities and funds	84,664,303	104,754,726	93,043,497	108,460,269
International equities and funds	104,208,102	142,720,495	108,712,678	135,240,078
	<u>188,872,405</u>	<u>247,475,221</u>	<u>201,756,175</u>	<u>243,700,347</u>
U.S. government obligations	37,162,451	39,942,191	39,291,098	40,686,984
Fixed income fund	16,810,792	17,179,791	15,464,909	16,076,895
	<u>53,973,243</u>	<u>57,121,982</u>	<u>54,756,007</u>	<u>56,763,879</u>
Hedge funds	44,539,652	80,594,775	39,633,417	69,250,908
Buyouts	20,259,987	20,439,612	21,283,365	26,426,239
Commodities	30,281,896	40,154,963	20,140,921	21,683,347
Private equities	23,548,114	54,332,335	25,453,300	48,501,908
Real estate	52,185,342	44,792,871	40,405,223	29,945,111
Special credits	30,797,459	39,721,776	27,529,751	32,915,919
Venture capital	64,575,464	44,824,722	61,999,669	40,193,083
Mezzanine	8,495,674	10,177,861	11,030,370	11,812,118
	<u>274,683,588</u>	<u>335,038,915</u>	<u>247,476,016</u>	<u>280,728,633</u>
	<u>\$ 529,237,405</u>	<u>\$ 651,344,287</u>	<u>\$ 514,020,777</u>	<u>\$ 591,225,438</u>

At March 31, 2011 and 2010 the fair value of investments exceeded cost by \$122,106,882 and \$77,204,661, respectively.

Within the Trust's portfolio of equity securities and funds, the Trust held 95 and 110 securities with an aggregate amount of unrealized losses of approximately \$8,800,668 and \$9,684,697 as of March 31, 2011 and 2010, respectively. Of these amounts, 51 and 71 securities with unrealized losses of \$7,722,578 and \$8,937,894 have been in continuous unrealized loss positions for greater than 12 months as of March 31, 2011 and 2010, respectively. The Trust evaluated the near-term prospects of the issuer in relation to the severity and duration of the impairment. Based on that evaluation and the Trust's ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Trust does not consider these investments to be other-than temporarily impaired as of March 31, 2011 and 2010.

Approximately 53 percent and 54 percent of the Trust's total investments at March 31, 2011 and 2010, respectively, are invested in institutional mutual funds, publicly traded securities that are listed on national exchanges, treasury and agency bonds of the U.S. government and investment and non-investment grade corporate bonds for which active trading markets exist. Such assets are valued at quoted closing prices at year-end. Realized gains and losses and increases and decreases in fair value on such investments are reflected in the Statements of Activities.

Meyer Memorial Trust

Notes to Financial Statements

March 31, 2011 and 2010

Approximately 12 percent of the Trust's total investments at March 31, 2011 and 2010, were invested in hedge funds and derivative instruments. The hedge funds utilize a variety of investment strategies which can be broadly categorized as absolute return, long/short equities strategies and fund of funds. These investments are not publicly listed or traded, and are not liquid investments. Investments in hedge funds are generally subject to a "lock up" period of between 90 days and 12 months. During that period funds may not be withdrawn from the fund. The redemption terms of hedge funds may vary, but in general terms after the lock up period, redemption request may be made by the Trust on a pre-set basis, usually quarterly, as specified in each hedge fund's operating agreement. For the years ended March 31, 2011 and 2010, no additional restriction on redemptions were implemented by hedge funds within the Trust's portfolio. Each fund's investment manager calculates the fair value of investments on a monthly basis using the valuation guidelines stipulated in the respective investment agreement, in accordance with fair value accounting. Realized gains and losses and increases and decreases in fair value on the investments in hedge funds are reflected in the Statements of Activities.

Approximately 33 percent and 32 percent of the Trust's total investments at March 31, 2011 and 2010, respectively, were invested with numerous partnerships, in which the Trust is a limited partner. The partnerships specialize in making venture capital, buyout, distressed debt, and equity-based real estate investments. Such investments, typically investments in private equity or debt securities of companies or properties that are not publicly listed or traded, are not liquid investments. Investments in private partnerships generally have terms of approximately ten years plus several years of optional extensions. Following the investment period, the general partner sells assets of the partnership over the partnership's remaining term and distributes funds to the partners as mandated in the partnership agreements. The Trust cannot, generally, redeem its interest in a partnership prior to the termination date of the partnership. The value of such investments is determined by the partnerships' general partners, who must follow the valuation guidelines, such as appraisals and comparable company trade data, stipulated in the respective limited partnership agreements and in accordance with fair value accounting. Realized gains and losses and increases and decreases in fair value on the investments in limited partnerships are reflected in the Statements of Activities. All limited partnerships are audited annually by independent certified public accounting firms. As of March 31, 2011, pursuant to its limited partnership agreements, the Trust is committed to invest approximately \$56 million in 28 limited partnerships interest at various times through the year ended March 31, 2022. There are \$4,840,944 of distributions recallable by limited partnerships at March 31, 2011. Unpaid commitments at March 31, 2010, were approximately \$89 million.

During 2004 a group of institutional investors, including the Trust, purchased shares of a private equity fund. The Trust holds less than 20% of the voting stock and accounts for the investment using the equity method of accounting. At year end, the carrying value of the investment equals the value of the underlying equity in net assets of the company.

Meyer Memorial Trust
Notes to Financial Statements
March 31, 2011 and 2010

The following table presents the fair value hierarchy of investments held (categorized as required under ASC 820) as of March 31, 2011:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
U.S. cash and short term investment funds	\$ 11,708,169	\$ -	\$ -	\$ 11,708,169
U.S. equities and funds	104,754,726	-	-	104,754,726
International equities and funds	76,751,218	65,969,277	-	142,720,495
U.S. government obligations	39,942,191	-	-	39,942,191
Fixed income fund	17,179,791	-	-	17,179,791
Hedge funds	-	-	80,594,775	80,594,775
Buyouts	-	-	20,439,612	20,439,612
Commodities	20,280,594	19,874,369	-	40,154,963
Private equity	-	-	54,332,335	54,332,335
Real estate	-	-	44,792,871	44,792,871
Special credits	-	-	39,721,776	39,721,776
Venture capital	-	-	44,824,722	44,824,722
Mezzanine	-	-	10,177,861	10,177,861
	<u>\$ 270,616,689</u>	<u>\$ 85,843,646</u>	<u>\$ 294,883,952</u>	<u>\$ 651,344,287</u>

The following table presents the fair value hierarchy of investments held (categorized as required under ASC 820) as of March 31, 2010:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
U.S. cash and short term investment funds	\$ 10,032,579	\$ -	\$ -	\$ 10,032,579
U.S. equities and funds	108,460,269	-	-	108,460,269
International equities and funds	71,690,863	63,549,215	-	135,240,078
U.S. government obligations	40,686,984	-	-	40,686,984
Fixed income fund	16,076,895	-	-	16,076,895
Hedge funds	-	-	69,250,908	69,250,908
Buyouts	-	-	26,426,239	26,426,239
Commodities	10,964,807	10,718,540	-	21,683,347
Private equity	-	-	48,501,908	48,501,908
Real estate	-	-	29,945,111	29,945,111
Special credits	-	-	32,915,919	32,915,919
Venture capital	-	-	40,193,083	40,193,083
Mezzanine	-	-	11,812,118	11,812,118
	<u>\$ 257,912,397</u>	<u>\$ 74,267,755</u>	<u>\$ 259,045,286</u>	<u>\$ 591,225,438</u>

Meyer Memorial Trust
Notes to Financial Statements
March 31, 2011 and 2010

The following table includes a rollforward of the amounts for the year ended March 31, 2011 for investments classified within Level 3. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 financial instruments may include, in addition to the use of unobservable inputs, observable inputs (that is, inputs that are actively quoted and can be validated to market sources); accordingly, the gains and losses in the table below may include changes in fair value due in part to changes in observable inputs that are part of the valuation methodology. There were no significant transfers between the levels of investments as of March 31, 2011 and 2010.

For year ended March 31, 2011:

	Beginning Balance	Net change in Unrealized Gains/ (Losses)	Net change in Realized Gains/ (Losses)	Purchases	Sales	Net Income	Ending Balance
Hedge funds	\$ 69,250,908	\$ 6,437,631	\$ (93,764)	\$ 5,000,000	\$ -	\$ -	\$ 80,594,775
Buyouts	26,426,239	(4,963,249)	6,625,521	2,455,059	(10,245,788)	141,830	20,439,612
Private equity	48,501,908	7,735,613	5,076,814	-	(10,282,000)	3,300,000	54,332,335
Real estate	29,945,111	3,067,641	805,028	12,250,000	(1,303,227)	28,318	44,792,871
Special credits	32,915,919	3,538,150	1,178,598	6,575,000	(4,485,890)	-	39,721,777
Venture capital	40,193,083	2,055,844	175,160	6,664,678	(4,264,044)	-	44,824,721
Mezzanine	11,812,118	900,439	452,804	1,040,000	(4,027,500)	-	10,177,861
Total	\$259,045,286	\$ 18,772,069	\$ 14,220,161	\$ 33,984,737	\$ (34,608,449)	\$ 3,470,148	\$294,883,952

For fiscal year ended March 31, 2010:

	Beginning Balance	Net change in Unrealized Gains/ (Losses)	Net change in Realized Gains/ (Losses)	Purchases	Sales	Net Income	Ending Balance
Hedge funds	\$ 58,809,402	\$ 20,932,536	\$ (4,116,624)	\$ -	\$ (6,374,406)	\$ -	\$ 69,250,908
Buyouts	22,960,025	1,329,087	840,202	2,640,576	(1,408,090)	64,437	26,426,237
Private equity	19,370,813	29,131,095	-	-	-	-	48,501,908
Real estate	33,081,163	(4,707,244)	94,181	1,912,500	(572,016)	136,527	29,945,111
Special credits	20,594,525	7,837,657	435,269	6,735,000	(2,702,537)	16,005	32,915,919
Venture capital	34,228,801	(1,538,419)	2,445,734	7,957,535	(2,900,566)	-	40,193,085
Mezzanine	9,615,215	1,903,009	-	942,500	(648,606)	-	11,812,118
Total	\$198,659,944	\$ 54,887,721	\$ (301,238)	\$ 20,188,111	\$ (14,606,221)	\$ 216,969	\$259,045,286

3. Federal Taxes

The Trust is a private foundation exempt from federal income tax under the applicable section of the Internal Revenue Code, but is subject to a federal excise tax of 2% on "net investment income." Under certain circumstances, a foundation may qualify for a 1% excise tax rate. An annual determination is made by the Trust as to whether a 1% or 2% rate is applicable in each year. The Trust did qualify for a 1% excise tax rate in 2011 and 2010. Additionally, the Trust is subject to federal tax on unrelated business income.

The provision for federal taxes at March 31, 2011 and 2010 is composed of the following:

	2011	2010
Current	\$ 462,736	\$ 470,052
Deferred	1,091,155	1,477,054
	<u>\$ 1,553,891</u>	<u>\$ 1,947,106</u>

Meyer Memorial Trust
Notes to Financial Statements
March 31, 2011 and 2010

The federal taxes payable at March 31, 2011 and 2010 are composed of the following:

	2011	2010
Current, net	\$ 172,729	\$ (631,974)
Deferred	<u>1,382,447</u>	<u>841,292</u>
	<u>\$ 1,555,176</u>	<u>\$ 209,318</u>

The deferred excise tax consists primarily of excise tax on unrealized gains on investments. The Trust paid \$429 and \$400,000 for taxes during the years ended March 31, 2011 and 2010, respectively.

4. Commitments and Unpaid Grants

As of March 31, 2011, unpaid grants are estimated to be paid out over the next several years as follows:

2011-12	\$ 7,419,164
2012-13	1,007,550
2013-14	1,054,800
2014-15	<u>-</u>
	<u>\$ 9,481,514</u>

The Trust leases an office building under an operating lease through May 2016. Future minimum annual rental payments under the operating lease total \$1,140,996. Rental expense of operating leases was \$208,870 and \$190,723 for the years ended March 31, 2011 and 2010, respectively.

5. Subsequent Events

The Trust has performed an evaluation of events and transactions for potential recognition or disclosure through July 28, 2011 which is the date the financial statements were issued.