

**MAY AND STANLEY SMITH CHARITABLE TRUST**

---

**FINANCIAL STATEMENTS**

December 31, 2020 and 2019



# MAY AND STANLEY SMITH CHARITABLE TRUST

## T A B L E O F C O N T E N T S

---

	<b>Page(s)</b>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5–15

## INDEPENDENT AUDITORS' REPORT

To the Trustees  
May and Stanley Smith Charitable Trust

We have audited the accompanying financial statements of May and Stanley Smith Charitable Trust, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of May and Stanley Smith Charitable Trust as of December 31, 2020 and 2019, 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.

BPM LLP

San Francisco, California  
June 28, 2021

# MAY AND STANLEY SMITH CHARITABLE TRUST

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

---

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 293,374	\$ 398,833
Investments, at fair value	489,244,565	478,235,877
Dividends and interest receivable	485,654	770,362
Prepays and other current assets	<u>104,182</u>	<u>52,895</u>
Total assets	<u>\$ 490,127,775</u>	<u>\$ 479,457,967</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Grants payable	\$ 10,200,000	\$ 8,997,000
Accounts payable and accrued expenses	808,966	680,381
Federal excise taxes payable	<u>98,755</u>	<u>97,066</u>
Total liabilities	11,107,721	9,774,447
Net assets without donor restrictions	<u>479,020,054</u>	<u>469,683,520</u>
Total liabilities and net assets	<u>\$ 490,127,775</u>	<u>\$ 479,457,967</u>

**MAY AND STANLEY SMITH CHARITABLE TRUST**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the years ended December 31, 2020 and 2019

	2020	2019
Net investment gain:		
Realized gains from the sale of investments, net	\$ 7,121,220	\$ 12,023,883
Unrealized gain on investments held, net	11,589,707	60,890,629
Dividends, interest and other income, net of investment expenses	18,769,822	13,887,887
Net investment gain before federal excise and other taxes	37,480,749	86,802,399
Federal excise and other taxes	(508,899)	(599,350)
Net investment gain	36,971,850	86,203,049
Contributions	134	111,611
Service fee income	35,599	7,323
Total investment gain, support and service fee income	37,007,583	86,321,983
Expenses:		
Grants and grants management	27,492,693	23,129,709
General and administrative	178,356	191,767
Total expenses	27,671,049	23,321,476
Change in net assets	9,336,534	63,000,507
Net assets without donor restrictions, beginning of year	469,683,520	406,683,013
Net assets without donor restrictions, end of year	\$ 479,020,054	\$ 469,683,520

# MAY AND STANLEY SMITH CHARITABLE TRUST

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

---

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,336,534	\$ 63,000,507
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(18,710,927)	(72,914,512)
Changes in operating assets and liabilities:		
Grants payable	1,203,000	967,000
Dividends and interest receivable	284,708	(52,225)
Accounts payable and accrued expenses	128,585	(331,865)
Federal excise taxes payable	1,689	28,055
Prepaid and other current assets	<u>(51,287)</u>	<u>(35,754)</u>
Net cash used in operating activities	<u>(7,807,698)</u>	<u>(9,338,794)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	370,718,384	236,124,518
Purchase of investments	<u>(363,016,145)</u>	<u>(227,192,458)</u>
Net cash provided by investing activities	<u>7,702,239</u>	<u>8,932,060</u>
Change in cash and cash equivalents	(105,459)	(406,734)
Cash and cash equivalents, beginning of year	<u>398,833</u>	<u>805,567</u>
Cash and cash equivalents, end of year	<u>\$ 293,374</u>	<u>\$ 398,833</u>
Supplemental disclosures of cash flow information:		
Federal excise and other taxes paid	<u>\$ 507,745</u>	<u>\$ 561,698</u>

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

---

### 1. Organization

The May and Stanley Smith Charitable Trust (the “Trust”) was established in 1989 to provide grants to organizations that serve the needs of children, the elderly, the disabled and the disadvantaged. The Trust makes grants primarily to organizations serving people in the Western Region of the United States and in British Columbia, Canada. A small number of grants are made to organizations in the Bahamas, the United Kingdom, Hong Kong and Australia. The Trust has been classified by the Internal Revenue Service (“IRS”) as a private foundation, as defined in Section 509(a) of the Internal Revenue Code (“IRC”). The Trust has been recognized by the IRS as a foreign organization for purposes of IRC Section 4948. For the years ended December 31, 2020 and 2019, the Trust complied with the IRS requirement to spend or distribute for charitable purposes a minimum of five percent of the average fair value of its investment assets for the preceding year. The trustees may distribute principal or income, or both, for the purposes defined in the Trust agreement. The Trust is supported through investment income, contributions and client service fees.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and reflect net assets with and without donor restrictions.

#### **Net Assets without Donor Restriction**

Net assets without donor restrictions consist of the resources of the Trust, which have not been restricted by a donor for a restricted use or time.

#### **Net Assets with Donor Restriction**

Net assets with donor restrictions represent contributions whose use by the Trust is limited in accordance with the restrictions imposed by donors. These restrictions may expire when the stipulated time has passed or may be satisfied by the actions of the Trust according to the stipulations made by the donors.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates.

#### *Cash and Cash Equivalents*

The Trust considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

---

### 2. Summary of Significant Accounting Policies, continued

#### *Concentration of Credit Risk*

The Trust maintains cash balances with multiple banks under a bank deposit program. Those cash balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per insured bank. The Trust also may hold cash in a brokerage account, where it is insured by the Securities Investor Protection Corporation up to \$250,000, and by Lloyd's of London up to an additional \$900,000. Cash balances may at times exceed these limits. To date, the Trust has not experienced any losses in these accounts.

#### *Investments*

Investments are stated at quoted market prices or estimated fair values. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses that result from sales or maturities of investments are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned. Indirect investment expenses of \$51,400 and \$52,703 are included in dividends, interest and other income, net of investment expenses on the statements of activities for the years ended December 31, 2020 and 2019, respectively.

#### *Fair Value Measurement*

The Trust carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. In addition, the Trust reports certain investments using the Net Asset Value ("NAV") per share as determined by investment managers under the so-called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

Receivables and liabilities are measured at carrying value which approximated fair value due to their short maturity.

Generally accepted accounting principles establish a hierarchy to prioritize 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following is a brief description of these three levels:

*Level 1* – Quoted prices in active markets for identical assets. Investments in this level have been valued at the closing price on the active market on which the securities are traded at year-end.

*Level 2* – Observable inputs other than quoted prices in active markets for identical assets, quoted prices for identical or similar assets in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets. Investments held in this level have been calculated using the most recent trading activity for identical or similar securities and changes in interest rates.

*Level 3* – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset.

Level 1 investments have been valued at the closing price on the active market on which the securities are traded as of December 31, 2020 and 2019.

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

---

### 2. Summary of Significant Accounting Policies, continued

#### ***Covered Calls***

The use of call options is a part of the Trust's investment strategy. Covered calls are recorded at fair value and generally expire within one to three months from the original dates. Cash flows from covered calls are classified as an investing activity on the statements of cash flows.

#### ***Contributions***

Contributions are recognized as revenue in the period received or unconditionally promised. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any such restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### ***Grants***

Grants are expensed when the unconditional promise to give is approved by the Board of Trustees or management in certain cases. There were no conditional promises to give during the years ended December 31, 2020 and 2019.

#### ***Income Taxes***

The Trust is a private foundation and is exempt from federal income taxes under Section 501(c)(3) of the IRC and from the California franchise and/or income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Trust maintains its accounts and files its tax returns using the accrual method of accounting.

The Trust, a private foundation, has been recognized by the IRS as a foreign organization for purposes of IRC Section 4948 and as such is subject only to a federal excise tax of 4% on its gross U.S. sourced interest and dividends. All excise taxes are considered to be current taxes and no deferred taxes are necessary.

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

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. The Trust invests in bond funds whose durations are typically less than 5 years. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment values reported in the statements of financial position.

#### ***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The new guidance requires lessees to recognize a right-to-use asset and a lease liability for virtually all leases (other than leases that meet the definition of a short term lease). In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses* (Topic 326), *Derivatives and Hedging* (Topic 815), and *Leases* (Topic 842), which delayed the effective date of ASU 2016-02 by one year. In May 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, which delayed the effective date for an additional year. The new guidance is now effective for fiscal years beginning after December 15, 2021. The Trust is currently evaluating the impact of the adoption of this accounting guidance on its financial statements.

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 3. Fair Value Measurements and Investments

The following table presents the Trust's assets measured at fair value on a recurring basis as of December 31, 2020:

December 31, 2020	Quoted Prices in Active Markets (Level 1)	Total
Investments by fair value level:		
U.S. common stocks:		
Information Technology	\$ 37,641,697	\$ 37,641,697
Financials	15,756,983	15,756,983
Consumer discretionary	11,448,760	11,448,760
Health care	10,256,061	10,256,061
Consumer staples	3,867,600	3,867,600
Total U.S. common stocks	78,971,101	78,971,101
U.S. equity funds:		
Mutual funds	139,535,078	139,535,078
Total U.S. equity funds	139,535,078	139,535,078
International equity funds:		
Mutual funds	36,994,992	36,994,992
Total international equity funds	36,994,992	36,994,992
Marketable alternatives		
	15,456,125	15,456,125
Money market funds		
	34,974,459	34,974,459
Options		
	(48,646)	(48,646)
U.S. fixed income mutual funds		
	93,238,371	93,238,371
Total investments by fair value level	\$ 399,121,480	399,121,480
Investments measured at the net asset value ("NAV"):		
Hedge funds		51,104,790
Private equity: real estate funds		39,018,295
Total investments		\$ 489,244,565

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 3. Fair Value Measurements and Investments, continued

The following table presents the Trust's assets measured at fair value on a recurring basis as of December 31, 2019:

December 31, 2019	Quoted Prices in Active Markets (Level 1)	Total
Investments by fair value level:		
U.S. common stocks:		
Industrials	\$ 14,590,478	\$ 14,590,478
Consumer discretionary	10,472,472	10,472,472
Health care	13,774,000	13,774,000
Financials	19,314,966	19,314,966
Telecommunication Services	9,037,500	9,037,500
Information Technology	46,934,834	46,934,834
Total U.S. common stocks	114,124,250	114,124,250
U.S. equity funds:		
Mutual funds	103,157,912	103,157,912
Total U.S. equity funds	103,157,912	103,157,912
International equity funds:		
ETF	14,891,040	14,891,040
Mutual funds	49,749,438	49,749,438
Total international equity funds	64,640,478	64,640,478
Marketable alternatives	10,876,900	10,876,900
Money market funds	19,760,185	19,760,185
Options	(58,670)	(58,670)
U.S. fixed income mutual funds	80,800,807	80,800,807
Total investments by fair value level	\$ 393,301,862	393,301,862
Investments measured at the net asset value ("NAV"):		
Hedge funds		52,486,957
Private equity: real estate funds		32,447,058
Total investments		\$ 478,235,877

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 3. Fair Value Measurements and Investments, continued

The Trust uses the NAV to determine the fair value of all the underlying investments, which do not have readily determinable fair values and prepare their financial statements consistent with the measurement principles of an investment company, or have attributes of an investment company. The following table lists the investments in real estate and hedge funds as of December 31, 2020 and 2019:

December 31, 2020					
Asset	Strategy	NAV in Fund	Number of Funds	Remaining Life	Unfunded Commitments
Private equity:					
Real estate funds	Domestic real estate related assets	\$ 39,018,295	3	3-5 years	\$ 10,694,485
Hedge funds	U.S. exchange listed equity securities	<u>51,104,790</u>	2	NA	<u>-</u>
		<u>\$ 90,123,085</u>			<u>\$ 10,694,485</u>
December 31, 2019					
Asset	Strategy	NAV in Fund	Number of Funds	Remaining Life	Unfunded Commitments
Private equity:					
Real estate funds	Domestic real estate related assets	\$ 32,447,058	3	4-6 years	\$ 10,694,485
Hedge funds	U.S. exchange listed equity securities	<u>52,486,958</u>	2	NA	<u>-</u>
		<u>\$ 84,934,016</u>			<u>\$ 10,694,485</u>

On October 23, 2020, the Trust together with PSAI Realty Partners IV, LLC, entered into an agreement of limited partnership to form a new partnership named as SFF Realty Fund IV, L.P. The Trust is a limited partner and agrees to contribute \$20,000,000 as capital commitment and the term of Partnership lasts until October 2030. SFF Realty Fund IV, LP can make capital calls as determined by the General Partner for investment costs or partnership expenses. No commitments were funded for the year end December 31, 2020.

As a limited partner in the closed-end real estate funds, the Trust may not withdraw from the real estate funds prior to a fund's dissolution. The hedge funds permit monthly withdrawals with 45 days prior notice.

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

---

### 4. Covered Calls

The Trust had written covered calls as part of its investment strategy. Included in equity securities as of December 31, 2020 and 2019 were short calls on various securities. The short calls constituted covered calls and entitled the holder to acquire 187,100 and 74,900 shares at various set prices per share for the years ended December 31, 2020 and 2019, respectively. The 2020 and 2019 calls expire on January 15, 2021 and January 17, 2020, respectively.

The notional and fair value of the calls as of December 31, 2020 and 2019 are as follows:

2020		2019	
Notional Value	Fair Value	Notional Value	Fair Value
<u>\$ (12,590,976)</u>	<u>\$ (48,646)</u>	<u>\$ (16,703,000)</u>	<u>\$ (58,670)</u>

All of the Trust's derivative instruments are marked to current value as a change in net assets. The fair values of these instruments are included in investments in equity securities. The Trust recognized \$369,793 and \$200,241 of net gains related to derivative activity for the years ended December 31, 2020 and 2019, respectively. These net gains are reported as net realized and unrealized gain on investments in the statements of activities.

### 5. Grants Payable

The Trust sometimes approves grants that have a payment or payments in future years or are paid when certain future requirements are met by the grantee. Grants authorized but unpaid at year end are reported as liabilities. Discounting of grants payable over multiple years would be immaterial and is not reflected in the financial statements. The following is a summary of grants authorized and payable:

Year ending December 31:	
2021	\$ 9,410,000
2022	<u>790,000</u>
Total grants payable	<u>\$ 10,200,000</u>

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 6. Net Assets

Net assets on the statements of financial position are comprised of original and subsequent capital contributions to the Trust, anticipated contributions, and increases in value through investment activity. Net assets are all without donor restrictions and are comprised of the following since inception through the years ended December 31, 2020 and 2019:

	2020	2019
Contributed capital	\$ 135,970,395	\$ 135,970,395
Contributed capital from the May Smith Trust	65,365,606	65,365,606
Cumulative grants paid and payable	(359,185,710)	(334,024,092)
Net increase in value since inception of the Trust, net of operating expenses	636,869,763	602,371,611
Total net assets without donor restrictions	\$ 479,020,054	\$ 469,683,520

### 7. Functional Expense Allocation

The indirect costs associated with certain expenses have been allocated on a functional basis in the statements of activities. Certain expenses are not directly identifiable with one specific function and require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include the salaries and benefits, trustee fees, office and occupancy, and professional and consultant fees, and travel and meetings expenses, all of which are allocated on the basis of estimates of time and use. On October 21, 2019, the Trust dissolved the administrative service agreement with AdminiTrust LLC and also entered into an agreement to provide administrative services for another foundation, a related party trust which shares one trustee with the Trust. See Note 11.

The expenses for the years ended December 31, 2020 and 2019 are allocated as follows:

	2020			2019		
	Grants and Grants Management	General and Administrative	Total	Grants and Grants Management	General and Administrative	Total
Grants	\$ 25,161,618	\$ -	\$ 25,161,618	\$ 21,064,607	\$ -	\$ 21,064,607
AdminiTrust fee	-	-	-	1,277,707	91,885	1,369,592
Salaries and benefits	1,641,068	66,099	1,707,167	323,162	13,016	336,178
Trustee fees	312,992	13,287	326,279	312,992	13,287	326,279
Office and occupancy	290,991	11,143	302,134	105,626	4,041	109,667
Professional and consultants	74,410	87,359	161,769	35,496	69,130	104,626
Travel and meetings	11,614	468	12,082	10,119	408	10,527
	\$ 27,492,693	\$ 178,356	\$ 27,671,049	\$ 23,129,709	\$ 191,767	\$ 23,321,476

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 8. Federal Excise and Other Taxes Expense

Federal excise tax expense was calculated at a rate of 4%. The Trust pays foreign taxes on foreign dividends and unrelated business income tax (“UBIT”) as applicable. Federal excise and other taxes are included in the statements of activities for the years ended December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Federal excise and other taxes expense:		
Current federal excise tax	\$ 403,342	\$ 391,215
Foreign tax	63,715	191,087
UBIT	41,842	17,048
	<u>508,899</u>	<u>599,350</u>
Total federal excise tax expense	<u>\$ 508,899</u>	<u>\$ 599,350</u>

### 9. Payout Requirement

The IRC requires private foundations to annually disburse approximately 5% of the market value of investment assets, less the federal excise tax, for the current year by the end of next year. This payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities, and certain administrative expenses. The Trust has met the required minimum distributions, but has undistributed income amounts that must be distributed before the end of the next fiscal year of approximately \$13,493,000 and \$18,340,000 as of December 31, 2020 and 2019, respectively.

### 10. Liquidity

The Trust has a goal to maintain financial assets, which consist of cash and liquid investments, on hand to meet three years of normal operating expenses, totaling approximately \$30,000,000. The Trust has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Trust invests cash in excess of daily requirements in various short-term investments, including short-term treasury instruments. The Trust had the following financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 293,374	\$ 398,833
Investments, at fair value	489,244,565	478,235,877
Interest, dividends, and capital gains receivable	485,654	770,362
	<u>490,023,593</u>	<u>479,405,072</u>
Less:		
Private equity investments in real estate	<u>39,018,295</u>	<u>32,447,058</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 451,005,298</u>	<u>\$ 446,958,014</u>

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

---

### 11. Related Parties

The Trust authorizes trustees to use the services of a business or professional firm with which a trustee may be associated, and to compensate the firm for those services. A trustee was the managing member of the company AdminiTrust LLC that provided administrative services to the Trust. At the end of 2019, the company was dissolved and the employees were hired by the Trust, including the Trustee who served as CEO until November 2020. Expenses related to the administrative services company were \$0 and \$1,372,761 for the year ended December 31, 2020 and 2019, respectively. Wages paid to the Trustee as CEO totaled \$157,315 and \$23,118 for the years ended December 31, 2020 and 2019, respectively. The Trustee continues to serve as a paid consultant to the Trust. Expenses related to consulting services from the Trustee totaled \$1,700 and \$0 for the years ended December 31, 2020 and 2019, respectively. The Trust entered into an agreement, effective October 21, 2019, to provide administrative services to another foundation, a related party trust which shares one trustee with the Trust.

Another trustee is a partner of the accounting firm that provides tax return preparation services to the Trust. Expenses related to the accounting firm were \$14,225 and \$10,830 for the years ended December 31, 2020 and 2019, respectively. Fees due to the accounting firm were \$0 and \$9,950 as of December 31, 2020 and 2019, respectively.

The trustees were paid trustee fees totaling \$375,000 for the years ended December 31, 2020 and 2019, which are allocated between grants management, general and administrative, and investment related expenses on the statements of activities and changes in net assets.

### 12. Commitments and Contingencies

#### *Lease Commitments*

During the year ended December 31, 2019, the Trust renewed an existing lease agreement for an additional 60 months with an unrelated party for office space in Corta Madera, California. Monthly base rent is \$15,600 with fixed increases over the term of the lease.

Future minimum base rents required under the lease agreement described above are as follows for the years ended December 31:

2021	\$	194,265
2022		200,093
2023		206,096
2024		194,194
		<hr/>
	\$	794,648

# MAY AND STANLEY CHARITABLE TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

---

### 12. Commitments and Contingencies, continued

#### *COVID-19*

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any adverse public health developments have negatively affected workforces and economies. To date, the Trust has not experienced significant financial issues, and the change in net assets is approximately \$9,340,000 for the year ended December 31, 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Trust’s financial condition, liquidity, and future results of operations. The Trust is actively monitoring the impact on its financial statements, liquidity, operations, and workforce.

### 13. Subsequent Events

As discussed in Note 3, in October 2020, the Trust agreed to assume the responsibility as a limited partner for the capital commitment in the amount of \$20,000,000 as of December 31, 2020.

The Trust evaluated subsequent events for recognition and disclosure through June 28, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in the financial statements.