



Marguerite
Casey
Foundation

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Reader's Guide to the 2020 Form 990-PF

The annual Form 990-PF is a public document that provides information about a private foundation's financial and charitable activities. Marguerite Casey Foundation (hereinafter, the "MCF") posts this form on its website at caseygrants.org. The form provides information about the Foundation's financial and charitable activities for the year and assesses any taxes owed to the IRS. Given that some of the underlying tax rules for private foundations can be quite complex, we offer this reader's guide to highlight and clarify key information. In addition, we provide responses to some of the most frequently asked questions regarding the Form 990-PF.

Frequently Asked Questions

ANNUAL PAYOUT

How much was Marguerite Casey Foundation required to distribute in 2020?

The Foundation was required to distribute (in cash) \$40,304,663 as shown on Page 8, Part XI, Line 7. Distributable amount (also referred to as "annual payout") is the term the IRS uses for the required annual five percent minimum payout. The **actual** amount of qualifying distributions the Foundation made in 2020 was \$42,260,556 as shown on Page 8, Part XII, line 4.

How is the required payout calculated?

Private Foundations are required to annually pay out 5% of their average non-charitable use assets, which is equivalent to MCF's investment assets, adjusted for excise and income taxes paid and recoveries of amounts previously treated as qualifying distributions. This calculation is summarized on Page 8 in Parts X and XI of the Form 990-PF return.

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What types of disbursements count toward Marguerite Casey Foundation's annual payout requirement?

Grants, program-related investments, exempt operating costs (those that further the Foundation's charitable purpose), and amounts paid to acquire assets used directly in carrying out MCF's charitable purpose (i.e. furniture and equipment) all count toward the annual payout. This is reflected in Page 8 in Part XII of the Form 990-PF return.

TAXES AND OTHER

What kind of taxes does Marguerite Casey Foundation pay?

MCF is exempt from income taxes, however the Foundation is required to pay a 1.39% excise tax on net investment income. Net investment income includes interest, dividends, rents, royalties, net realized capital gains and other similar items, less expenses incurred for managing such investments. MCF's net investment income for 2020 is shown on Page 1, Part I, line 27b, column (b). The 2020 net investment income was \$34,394,397, resulting in an excise tax liability of \$478,082 as shown on Page 4, Part VI, line 5 of the Form 990-PF.

While the Foundation is exempt from income taxes, it may be subject to unrelated business income tax if it has activities that meet the following requirements: it is a trade or business, regularly carried on, and not substantially related to its exempt purpose. Due to the nature of the income derived from some of the investment vehicles held in the investment portfolio, MCF was subject to income tax in 2020 and filed a Form 990-T. This tax is calculated at a flat 21% on its net unrelated business taxable income.

Are there any items of note for 2020?

MCF's former President & CEO, Luz Vega-Marquis, retired in 2020 after spending 20 years with the Foundation. As approved by the board of directors, during 2020 Luz received a cash payout of her 457(f) nonqualified deferred compensation plan, also known as a supplemental retirement plan. The compensation reported on Page 6, Part VIII, line 1(c) and Statement 16 reflects the payout of such amounts.

What is deferred compensation?

In 2003, Marguerite Casey Foundation (the "Foundation") established a nonqualified deferred compensation plan (457) as a benefit to retain the Foundation's president and CEO and to provide a tax deferral mechanism. In addition, the package also included a substantial contribution match.

While deferred compensation plans are commonly used to retain and attract executive staff, and as part of benefit programs to help staff manage their tax burdens, the practice has been terminated at Marguerite Casey Foundation.

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Consistent with IRS published instructions for completing 990s, Marguerite Casey Foundation's most recent filing includes the former president's annual base salary, along with the second balloon payment of deferred compensation and potential future retirement compensation not yet earned.

Key Data Points from the 2020 Form 990-PF for Marguerite Casey Foundation

Topic	Line Reference	Dollar Value	Comments
Operating and administrative expenses	Page 1, Part I, line 24, column (d)	\$9,087,174	Consists of expenses for direct charitable activities, as well as administrative costs to operate the Foundation.
Grants paid	Page 1, Part I, line 25, column (d)	\$32,251,659	Represents grants paid during the year
Excise tax liability	Page 4, Part VI, line 5	\$478,082	Excise taxes are calculated as 1.39% of its net investment income as shown on Page 1, Part 1, line 27b column (b).
Compensation of officers and directors	Page 6, Part VIII, line 1(c)	\$2,037,864	The Foundation provides a listing of compensation and benefits paid to the MCF's officers and board of directors on Statement 16
Compensation of five highest-paid employees	Page 6, Part VIII, line 2(c)	\$823,732	The Foundation provides a listing of compensation and benefits paid for the five highest paid employees.
Minimum investment return	Page 8, Part X, line 6	\$40,194,176	Represents 5% of the total fair market value of the Foundation's non-charitable use assets.
Distributable amount	Page 8, Part XI, line 7	\$40,304,663	This represents the Foundation's required distribution and must be distributed by the end of December 31, 2021.
Qualifying distributions	Page 8, Part XII, line 4	\$42,260,556	The amount the Foundation actually spent for charitable purposes during the year.

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