



Finance Committee Meeting
Meeting to be held remotely
Wednesday, October 7, 2020 ❖ 2 – 3:30 p.m.

In response to the coronavirus pandemic, the Governor has issued Executive Order N-25-20, Executive Order N-29-20, and Executive Order N-35-20 modifying the Brown Act in order to facilitate essential public meetings being held through remote methods, such as telephonically or electronically. Directors and staff will attend via video conference.

The meeting will be conducted via Zoom: Meeting ID: <https://cccconfer.zoom.us/j/94711708538>

Please note the meeting may be recorded for future viewing.

AGENDA

	Page	Tentative Time
1. Call to Order		2:00 p.m.
2. Roll Call		
3. Public Comment		
<i>This section of the agenda is intended for members of the public to address the Executive Committee on items involving the Foundation that are being considered. Please note that directors are prohibited by the Brown Act from responding to comments made regarding topics not on the official agenda. If you wish to speak to any item listed, please complete a Request to Speak Card available from the executive director. It is suggested that speakers limit themselves to five minutes.</i>		
4. Approval of Agenda for October 7, 2020 (ACTION)		2:01 p.m.
5. Approval of Finance Committee Minutes – July 8, 2020 (ACTION)	1-3	2:05 p.m.
6. Review and Approval of Financial Statements (ACTION)	4	2:06 p.m.
6.A. Check Registers – 6/30/2020	5 - 7	
6.B. Contributions Report – 7/1/2019 thru 6/30/2020	8	
6.C. Statement of Operations – 6/30/2020	9	
6.D. Statement of Financial Position – 6/30/2020	10	
6.E. General Operations Budget – 6/30/2020	11	
6.F. Financial Overview Operations – 6/30/2020 (Prepared by Glenn Owen)	12	
6.G. Financial Overview Foundation – 6/30/2020 (Prepared by Glenn Owen)	13	
6.H. Financial Overview Investments – 6/30/2020 (Prepared by Glenn Owen)	14	



**Finance Committee Meeting
Meeting to be held remotely
Wednesday, October 7, 2020 ❖ 2 – 3:30 p.m.**

- | | | |
|--|---------|-----------|
| 7. Unrestricted Gift (ACTION) | 15 - 16 | 2:30 p.m. |
| 8. Endowment Trailing Quarters Funding (INFORMATION) | 17 | 2:45 p.m. |
| 9. Review & Approval of Investment Policy (ACTION) | 18 - 26 | 3:15 p.m. |
| 10. Approval of Boyd Fund Distribution – Fine Arts Complex (ACTION) | 27 | 3:20 p.m. |
| 11. Other New Business – Determine Date for Investment Advisor’s Annual Review | 28 | 3:25 p.m. |
| 12. Next Meeting – January 13, 2021, 2-3:30 p.m. | | 3:27 p.m. |
| 13. Adjourn (ACTION) | | 3:30 p.m. |

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Allan Hancock College Foundation office at (805) 925-2004. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.

A handwritten signature in black ink, appearing to read "Jon Hooten", is positioned above a horizontal line.

Jon Hooten, Executive Director
Allan Hancock College – College Advancement

Finance Committee Members:

Glenn Owen, Chair
Lee-Volker Cox, Director
Jim Fields, Director
Judy Frost, Director
Peggy Hesse, Director
Eric Smith, AHC Vice President, Finance & Administration

800 South College Drive, P.O. Box 5170, Santa Maria, CA 93456-5170 | www.ahcfoundation.org
805.925.2004 or 805.922.6966, ext. 3621 | fax 805.739.1064 | ahcfoundation@hancockcollege.edu

The mission of the Allan Hancock College Foundation is to operate for the advancement of education by raising funds and building community support to meet the needs of the college in the areas of scholarships, capital/infrastructure projects and program support.

**ALLAN HANCOCK COLLEGE FOUNDATION
FINANCE COMMITTEE MEETING
Minutes of July 8, 2020**

A regular meeting of the Finance Committee was held on Wednesday, July 8, 2020, at 2 p.m. via Zoom teleconference. This meeting was held remotely in response to the COVID-19 pandemic, the Governor's issued Executive Orders N-25-20, N-29-20 and N-35-20, modifying the Brown Act in order to facilitate essential public meetings being held through remote methods, such as telephonically or electronically.

1. Call to Order

The meeting was called to order at 2:04 p.m. by Committee Chair Glenn Owen.

2. Roll Call

Finance Committee Members Present: L.V. Cox, J. Fields, J. Frost, P. Hesse, G. Owen, E. Smith

College Staff: J. Hooten

Foundation Staff: M. Cox

College Staff Absent: K. Seyfert

3. Public Comment

None

4. Approval of Agenda (ACTION)

Chair Owen requested the committee to review the meeting agenda and called for a motion to approve the agenda.

MOTION: On a motion by J. Frost, seconded by J. Fields, the Finance Committee agenda for July 8, 2020, was approved on a roll call vote as follows:

Ayes: L.V. Cox, J. Fields, J. Frost, P. Hesse, G. Owen, E. Smith

Noes: None

Abstentions: None

5. Approval of Executive & Finance Committee Minutes – April 8, 2020 (ACTION)

Due to extenuating circumstances created by the COVID-19 pandemic, the board voted to cancel the April 23, 2020 quarterly board meeting to be replaced by a joint meeting of the Executive and Finance Committees. Director Owen called for a motion to approve the minutes.

MOTION: On a motion by L. Cox, seconded by J. Frost, the Finance Committee agenda for the July 8, 2020, was approved on a roll call vote as follows:

Ayes: L.V. Cox, J. Fields, J. Frost, P. Hesse, G. Owen, E. Smith

Noes: None

Abstentions: None

6. Review and Approval of Financial Statements (ACTION)

Chair Owen presented the following financial statements to the committee:

6.A. *Check Registers* – 3/31/2020, 4/30/2020, 5/31/2020

6.B. *Contributions Report* – 7/1/2019 thru 5/31/2020: The total contributions were \$3,394,918

6.C. *Statement of Operations* – 5/31/2020: The fund balance for the period was \$29,250,644. The committee requested staff provide detail of Expenses, PCPA Foundation Support, amount \$101,265, which represents Title III endowments designated for PCPA. Staff agreed to provide the detail.

6.D. *Statement of Financial Position – 5/31/2020*: J. Hooten noted the statement's Long-Term Loan Payable in the amount of \$61,750 is a Payroll Protection Program Loan awarded by the federal Small Business Administration, established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in April 2020. The loan is forgivable provided all Foundation employees are on payroll for 24 weeks and the money is used for payroll, rent, mortgage interest, or utilities. Chair Owen requested staff verify the loan being classed as Long-Term Loan Payable, and requested why the loan isn't included in a revenue account. Staff agreed to research the requests.

6.E. *General Operations Budget – 5/31/2020*: The statement's revenue for the fiscal year is \$499,797; the expenses as \$323,350. Staff noted the revenue includes \$123,000 in district support. The committee requested detail of the operating budget's Intrafund Transfer-in for Title III endowments, amount \$121,736. Staff agreed to follow up on the request.

6.F. *Financial Overview Operations – 5/31/2020*: The statement reported total actual support and revenue as \$470,135. total actual expenditures as \$297,850; and total liabilities and net assets as \$393,338.

6.G. *Financial Overview Foundation – All Foundation Funds – 5/31/2020*: The statement reported total contributions \$3,395,805; total expenses as \$1,485,516; and total liabilities and net assets balance as \$29,436,442.

6.H. *Financial Overview Investments – 5/31/2020*: The statement reported cash and investment balance as \$26,401,671. Chair Owen advised the committee since 6/30/2019, the investments have a loss of approximately \$3.5 million.

MOTION: On a motion by E. Smith, seconded by P. Hesse, the Finance Committee approved the financial statements, items 6.A. through 6.H., with the caveat staff will provide requested information for items 6.D. and 6.E. at the next meeting.

7. Unrestricted Gift (ACTION)

Ms. Margaret Sjovold, retired AHC counselor, passed away on April 20,2020. As long-time AHC supporters, Meg and her late husband established the *Urbach-Sjovold Endowment* with a fund balance of \$141,369. The Sjovold Family Trust named the Foundation as beneficiary of an annuity and investment account. The \$296,580 gift is designated as unrestricted. Staff recommended the gift be a quasi, pooled endowment to support and benefit the operations of the Foundation. A pooled quasi endowment provides maximum flexibility and financial benefit. As a quasi, it allows the principal to be invaded when needed. As a pooled endowment, the operations will receive 1.5% management fee and annual proceeds.

After the committee's discussion, the committee tabled approving the action agenda item until further review and discussion.

8. 2020-2021 Foundation Budget for District and Foundation Operations Budget (INFORMATION)

At the April combined Executive and Finance Committee meeting, the committees requested staff revise *Intrafund Transfers-In* to include the revisions to the budgets that were approved in January 2020. The committee reviewed the Foundation Budget for District and Foundation Operations Budget revisions that includes the new revenue account *Other Transfer In*, which was recently recommended as a revenue account by auditors. *Other Transfer-In* has an Operating Budget amount of \$194,355. The budgeted amount represents the Advancement Officer's salary/benefits, amount \$71,355, and district support, amount \$123,000. Staff noted all district support received during fiscal year 2019-20 has been transferred from *Intrafund Transfers-In* to *Other Transfer-In*. The committee reviewed the changes to both budgets.

9. Auditor's 2018-2019 IRS Form 990 Report (ACTION)

The accounting firm EideBailly, CPAs & Business Advisors prepared the Foundation's Internal Revenue Service's Form 990. The form has provided the filed Form for the committee's review and approval.

MOTION: On a motion by J. Fields, seconded by P. Hesse, the Finance Committee approved the 2018-2019 Internal Revenue Service's Form 990 prepared by auditors.

10. Other New Business (INFORMATION)

Mr. Hooten commented a discussion agenda item for the next meeting will be funding endowments based on quarterly trailing averages. His research shows 80% of California community colleges use the method and may increase the annual funding amount for scholarships and programs.

14. Next Meetings (Information)

The next meetings are scheduled as follows:

Finance Committee: October 7, 2020, 2-3:30 p.m., TBD

Executive Committee: October 7, 2020, 4-5 p.m., TBD

Annual Board Meeting: October 22, 2020, 4-6 p.m., TBD

15. Adjourn

MOTION: On a motion by E. Smith and seconded by J. Fields, the meeting was adjourned at 3:20 p.m. by unanimous voice vote.

To: Finance Committee	ACTION
From: Glenn Owen, Chair Finance Committee	October 7, 2020
Subject: Review and Approval of Financial Statements	

BACKGROUND

A review of the Allan Hancock College Foundation financial statements.

		Page
6.A. Check Registers	6/30/2020	5 – 7
6.B. Contributions Report	7/1/2019 – 6/30/2020	8
6.C. Statement of Operations	6/30/2020	9
6.D. Statement of Financial Position	6/30/2020	10
6.E. General Operations Budget	6/30/2020	11
6.F. Financial Overview Operations	6/30/2020	12
6.G. Financial Overview Foundation	6/30/2020	13
6.H. Financial Overview Investments	6/30/2020	14

Please note the following financial statement classifications to account for the \$61,750 the federal Payroll Protection Plan Loan:

6.C. Statement of Operations – The statement includes the portion of the loan amount that was used in fiscal year 2019-20 for allowable payroll expenses and appears as *Revenue, PPP Loan Forgiveness Income*, amount \$48,752, which ties to *Expense, Payroll Expense/Other Forgivable Expense*, amount \$48,687, plus *Benefits*, amount \$64, as a *PPP Forgivable expense*.

6.D. Statement of Financial Position – The statement includes *PPP Forgivable Grant Liability*, amount \$61,750, and an offset as *PPP Forgivable Grant Contra Liability* (\$48,752) leaving a net liability of \$12,998 which will be fully expended in fiscal year 2020-21.

6.E. General Operations Budget – The statement includes *Expenses, Payroll Expense/Other Forgivable Expense*, amount \$48,687 plus *Benefits Expense/Other Forgivable Expense*, amount \$64. A new *Revenue* account was added to the budget and appears as *PPP Loan Forgiveness Income*, amount \$48,852.

RECOMMENDATION

The Finance Committee recommends approval of the financial statements as submitted. If approved, the financial statements will be forwarded to the Executive Committee and board for review and approval at the annual organizational meeting scheduled on October 22, 2020.

Allan Hancock College
Check Register
Check Dates from 6/1/2020 to 6/30/2020
Bank Code: FN

Vendor Name	Description	Amount	Check
Cardmember Service	Fd Sppls Board Mtg 051220	\$43.17	
	Facebook Advertising 032920-042220	\$334.11	
	Sppls Fdtn Events	\$70.14	
		\$447.42	FN 83000919
Andrew Philpot	Honorarium Writers Series Speaker 022020	\$250.00	
		\$250.00	FN 83000920
U S Postal Service	FY20 Bulk mail permit and postage	\$1,000.00	
		\$1,000.00	FN 83000921
Cardmember Service	Constant Contact Monthly Fees	\$90.25	
		\$90.25	FN 83000922
AHC Campus Graphics	Print Schol Cert Template 030220	\$70.51	
	Print Finals Lawn Signs	\$58.10	
	Ptiny COVID Postcards	\$69.22	
	Print AHC Fdtn Letterhead 050820	\$51.80	
	Print Fdtn Envelopes	\$81.50	
	Print Student Selfie Message	\$32.14	
	Print Alumni Card Rush	\$56.68	
	Print Env Graduate Addressed Rush	\$141.11	
		\$561.06	FN 83000923
Marlyn Cox	RMB Petty Cash USPS SB Fdtn mailing	\$7.75	
		\$7.75	FN 83000924
Santa Maria Breakfast Rotary Club	FY20 Monthly Dues & Fees May 2020 KW	\$10.85	
		\$10.85	FN 83000925
Office Depot	Sppls Fdtn Office Wireless Mouse	\$15.61	
	Sppls Fdtn Office	\$14.34	
		\$29.95	FN 83000926
AHC Campus Graphics	Schol Banquet Email Header Design Only	\$84.00	
		\$84.00	FN 83000927
Santa Barbara Foundation	HP End Investment Walker 032020	\$98.50	
	HP End Investment Walker 032020	\$98.50	
	HP End Investment Murray 033020	\$82.09	
	HP End Investment Gibson 041520	\$137.90	
	HP End Investment Aiello 041520	\$82.08	
	HP End Investment Daane 041520	\$15.76	
	HP End Investment Walker 042720	\$98.50	
	HP End Investment Walker 042720	\$98.50	
	HP End Investment Manning 041520	\$98.50	
	HP End Investment Manning 031620	\$98.50	
	HP End Investment Manning 021420	\$98.50	
	HP End Investment Gibson 051520	\$137.90	
	HP End Investment Manning 051520	\$98.50	
	HP End Investment Daane 051520	\$15.76	
	HP End Investment Domiguez 050420 060120	\$344.75	
	HP End Investment McNulty 050420	\$98.50	
HP End Investment Hooten 050420	\$98.50		

**Allan Hancock College
Check Register
Check Dates from 6/1/2020 to 6/30/2020
Bank Code: FN**

Vendor Name	Description	Amount	Check
Santa Barbara Foundation	HP End Investment Miyahara 050420	\$49.25	
	HP End Investment Aiello 051820	\$82.08	
	HP End Investment Murray 052020	\$82.09	
	HP End Investment Aera Energy 052820	\$9,850.00	
	HP End Investment Walker 061020	\$98.50	
	HP End Investment Walker 061020	\$98.50	
	HP End Investment Hooten 060120	\$98.50	
	HP End Investment McNulty 060120	\$98.50	
	HP End Investment Miyahara 060120	\$49.25	
	HP End Investment Moreton 060120	\$4.92	
	HP End Investment G Ehmen Trust 061020	\$43,881.75	
	HP End Investment Levy 061020	\$985.00	
		<u>\$57,179.58</u>	
Santa Maria Times	Scholarship donors and recipients ad	\$2,040.00	
		<u>\$2,040.00</u>	FN 83000929
The Rotary Club Of Santa Maria	Dues and membership fees BC May 2020	\$34.00	
		<u>\$34.00</u>	FN 83000930
AHC Campus Graphics	2020 WOD Flyer Design Only	\$42.00	
		<u>\$42.00</u>	FN 83000931
Crossroads Self Storage, LLC	Storage Fees Hancock Film Collection Jul 2020	\$173.00	
		<u>\$173.00</u>	FN 83000932
Catherine Farley	RMB Sppls Admin Reading Assgnmnt	\$31.24	
		<u>\$31.24</u>	FN 83000933
Holly Nolan-Chavez	RMB Sppls Admin Reading Assgnmnt	\$31.97	
		<u>\$31.97</u>	FN 83000934
AHC Campus Graphics	Schol Catalog Envelopes	\$75.40	
	Schol Newspaper Ad Design Only	\$168.00	
		<u>\$243.40</u>	FN 83000935
American Business Machines	Canon Copier Charges 04/01/20-06/30/20	\$11.04	
		<u>\$11.04</u>	FN 83000936
Laura Becker	RMB Sppls Admin Reading Assgnmnt 061220	\$32.67	
		<u>\$32.67</u>	FN 83000937
Cardmember Service	Fd Sppls Finals Wk Coffee Event 052120	\$392.01	
	Fd Sppls Finals Wk Coffee Event 052120	\$668.30	
	Fd Sppls Finals Wk Coffee Event 052120	\$448.08	
	Fd Sppls Finals Wk Coffee Event 052120	\$30.72	
	Fd Sppls Finals Wk Coffee Event 052120	\$63.96	
	Fd Sppls Finals Wk Coffee Event 052120	\$163.02	
	Fd Sppls Finals Wk Coffee Event 052120	\$63.22	
	Sppls Flowers MDaane 052820	\$50.58	
	Constant Contact Monthly Fees	\$90.25	
		<u>\$1,970.14</u>	
Robert Curry	RMB Sppls Admin Reading Assgnmnt 061220	\$30.23	

Allan Hancock College
 Check Register
 Check Dates from 6/1/2020 to 6/30/2020
 Bank Code: FN

Vendor Name	Description	Amount	Check
		\$30.23	FN 83000939
Mitch McCann	RMB Sppls Admin Reading Assgnmnt 061220	\$15.15	
		\$15.15	FN 83000940
Ricky Rantz	RMB Sppls Admin Reading Assgnmnt 061220	\$42.06	
		\$42.06	FN 83000941
Stephanie Robb	RMB Sppls Admin Reading Assgnmnt 061220	\$26.84	
		\$26.84	FN 83000942
Sacramento State University	S2020 Schol S McAuliff #3	\$2,500.00	
		\$2,500.00	FN 83000943
Santa Maria Breakfast Rotary Club	Monthly Dues & Fees KW June 2020	\$40.85	
		\$40.85	FN 83000944
Andrew Specht	RMB Sppls Admin Reading Assgnmnt 061220	\$32.82	
		\$32.82	FN 83000945
Marina Washburn	RMB Sppls Admin Reading Assgnmnt 061220	\$35.04	
		\$35.04	FN 83000946
		Total: \$66,993.31	

Allan Hancock College Foundation
Contributions
July 1, 2019 through June 30, 2020

Account	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
General Operations	\$ 6,221	\$ 20,035	\$ 35	\$ 6,256	\$ 2,035	\$ 16,170	\$ 5,621	\$ 1,105	\$ 1,285	\$ 6,261	\$ 40	\$ 40	\$ 65,104
Non Cash Contribution													
Other Local Income	\$ 1,691	\$ 1,194	\$ 2,487	\$ 2,546	\$ 3,802	\$ 10,858	\$ 6,273	\$ 1,021	\$ 1,021	\$ 3,961	\$ 1,621	\$ 1,541	\$ 38,013
President's Circle	\$ 1,500	\$ 12,358	\$ 1,897	\$ 2,554	\$ 126,908	\$ 71,853	\$ 25,800	\$ 47,662	\$ 99,642	\$ 84,497	\$ 12,095	\$ 38,919	\$ 525,685
Restricted	\$ 34,396	\$ 9,060	\$ 33,299	\$ 30,903	\$ 31,961	\$ 47,700	\$ 34,270	\$ 23,736	\$ 25,332	\$ 30,682	\$ 9,580	\$ 2,006	\$ 312,925
Scholarships	\$ 30,597	\$ 12,358	\$ 27,284	\$ 138,846	\$ 34,124	\$ 91,758	\$ 6,199	\$ 1,407,147	\$ 5,355	\$ 474,011	\$ 10,878	\$ 46,445	\$ 2,285,003
Hancock Promise	\$ 215,300	\$ 270,306	\$ 100	\$ 10,150	\$ 4,000	\$ 14,730	\$ -	\$ -	\$ 8,491	\$ 2,100	\$ 625	\$ 177,422	\$ 432,918
Endowments	\$ 74,405	\$ 270,306	\$ 65,226	\$ 191,421	\$ 202,939	\$ 253,069	\$ 79,070	\$ 1,480,975	\$ 141,157	\$ 601,512	\$ 34,838	\$ 266,410	
MONTHLY TOTALS	\$ 74,405	\$ 344,710	\$ 409,937	\$ 601,358	\$ 804,297	\$ 1,057,365	\$ 1,136,435	\$ 2,617,411	\$ 2,758,568	\$ 3,360,080	\$ 3,394,918	\$ 3,661,328	\$ 3,661,328

PRIOR YEARS CONTRIBUTIONS	
July 18 - June 19	1,646,016
July 17 - June 18	2,547,577
July 16 - June 17	1,167,156
July 15 - June 16	1,766,065
July 14 - June 15	1,354,736
July 13 - June 14	11,662,226
July 12 - June 13	774,867
July 11 - June 12	907,673
July 10 - June 11	941,725
July 09 - June 10	1,053,236
July 08 - June 09	1,070,668
July 07 - June 08	1,098,427
July 06 - June 07	1,125,361
July 05 - June 06	951,050

NOTES:
a) Report does not include investment portfolio activity.
b) Report does not include outstanding pledges.

ALLAN HANCOCK COLLEGE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDING 06/30/2020

	Cash Admin	General Operations	Restricted	Scholar- ships	Endowment Principal	Endowment Rev/Exp	Total
REVENUES:							
PPP Loan Forgiveness Income	0	48,752	0	0	0	0	48,752
Contributions, Gifts, Grants & Endwmnts	0	65,104	2,848,702	312,925	432,918	0	3,659,648
Sales and Commission	0	0	885	0	0	0	885
Interest and Investment Income	0	25,498	801	0	0	631,770	658,069
Realized Gain/Loss on Invest	0	(7,396)	0	0	0	191,921	184,525
Unrealized Gain/Loss on Invest	0	(10,903)	0	0	0	(453,329)	(464,232)
Other Local Revenues	0	736	944	0	0	0	1,680
Total Revenues	0	121,791	2,851,331	312,925	432,918	370,362	4,089,328
EXPENSES:							
Non Bargaining Unit	0	199,230	0	0	0	0	199,230
Payroll Expense/Other Forgivable Ex	0	48,687	0	0	0	0	48,687
Benefits	0	22,134	0	0	0	0	22,134
Public Relations/Recognitions	0	616	233	0	0	0	849
Office/Operational Supplies	0	4,549	19,804	0	0	0	24,353
In Kind Supply Expense	0	0	800	0	0	0	800
Non Instr Printing	0	3,593	5,688	0	0	0	9,281
Food - Business Meetings/Events	0	3,475	36,464	0	0	0	39,939
Indep Contractor (Individuals)	0	0	250	0	0	0	250
Service Contracts (Businesses)	0	3,375	0	0	0	0	3,375
Travel - All Travel Costs	0	3,278	3,340	0	0	0	6,618
Conference/Registration Fees	0	0	1,170	0	0	0	1,170
On-Site-Prof. Develop/Webinars	0	177	0	0	0	0	177
Foundation Community Activities	0	8,899	15,427	0	0	0	24,325
Dues & Memberships	0	1,464	2,345	0	0	0	3,809
Non-Tech Licenses, Permits, Fees	0	190	3,211	0	0	0	3,401
Software/Technology Licenses	0	0	21,982	0	0	0	21,982
Facility Rental	0	0	320	0	0	0	320
Software Maintenance Agreement	0	9,840	0	0	0	0	9,840
Equipment Rental	0	0	634	0	0	0	634
District/College Support	0	0	116,703	0	0	0	116,703
Postage/Express Services	0	2,833	434	0	0	0	3,266
Mailing Service	0	0	2,455	0	0	0	2,455
Advertising	0	4,134	4,240	0	0	0	8,374
Bank Service Charges	0	1,873	2,437	0	0	0	4,310
Investment Brokerage Fees	0	3,277	0	0	0	220,265	223,542
PCPA Support	0	0	6,800	74,648	0	0	81,448
PCPA Foundation Support	0	0	0	0	101,265	33,733	134,997
Equipment	0	1,132	0	0	0	0	1,132
Student Assistance	0	0	59,055	0	0	0	59,055
Scholarships	0	0	4,062	532,537	0	0	536,599
Total Expenses	0	322,754	307,853	607,185	101,265	253,998	1,593,054
Net Income (Loss)	0	(200,963)	2,543,479	(294,260)	331,653	116,364	2,496,274
OTHER FINANCING SOURCES/OUTGO:							
Intrafund Transfer-In	0	280,628	687,029	183,811	2,729,401	238,465	4,119,334
Intrafund Transfers-Out	0	25,500	2,183,186	100	1,314,338	596,210	4,119,334
Other Transfer-In	0	179,911	0	0	0	0	179,911
Net Transfers	0	435,039	(1,496,157)	183,711	1,415,063	(357,745)	179,911
Net Inc/Dec in Fund Bal	0	234,076	1,047,322	(110,549)	1,746,716	(241,380)	2,676,184
FUND BALANCE:							
Fund Equity, July 1	0	155,095	1,794,246	699,654	20,574,231	4,080,531	27,303,757
Current Balance	0	389,170	2,841,568	589,105	22,320,947	3,839,151	29,979,941

ALLAN HANCOCK COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING 06/30/2020

	Cash Admin	General Operations	Restricted	Scholar- ships	Endowment Principal	Endowment Rev/Exp	Total
ASSETS:							
Claim on Cash	(9,596,622)	399,041	2,083,390	591,000	2,684,040	3,839,151	0
AHC Fdtn Mechanics Bank Checking	238,381	0	0	0	0	0	238,381
AHC Fdtn MS Active Assets MM	1,036,291	0	0	0	0	0	1,036,291
MS Select UMA Boyd 3740 Inv Cash	0	0	0	0	115,210	0	115,210
MS Select UMA Unrestr 2948 Inv Cash	21,284	0	0	0	0	0	21,284
Monarch With Strategies Pooled Cash	47,597	0	0	0	0	0	47,597
Monarch With Strategies Lahr Cash	0	0	0	0	2,434	0	2,434
Northern Trust Boyd Cash	0	0	0	0	164,608	0	164,608
Northern Trust Young Cash	0	0	0	0	54,544	0	54,544
Mechanics Bank With Mgmt Boyd Cash	0	0	0	0	441,868	0	441,868
MS Select UMA Pooled 1441 Inv Cash	220,032	0	0	0	0	0	220,032
Pledge Receivable - Current	0	0	228,167	0	0	0	228,167
Pledge Receivable - Non Current	0	0	593,725	0	0	0	593,725
Discount on Pledge Receivable	0	0	(23,939)	0	0	0	(23,939)
Accrued Interest Receivable	0	0	0	0	12,259	0	12,259
Due From Other Funds	0	4,061	12,970	605	0	0	17,636
Inventory	0	0	1,780	0	0	0	1,780
Prepaid Items	0	0	22,962	0	0	0	22,962
MS Select UMA Boyd 3740 Inv Cost	0	0	0	0	2,117,801	0	2,117,801
MS Select UMA Unrestr 2948 Inv Cost	461,649	0	0	0	0	0	461,649
Monarch With Strategies Pooled Cost	1,460,178	0	0	0	0	0	1,460,178
Monarch With Strategies Lahr Cost	0	0	0	0	57,152	0	57,152
Northern Trust Boyd Cost	0	0	0	0	7,059,812	0	7,059,812
Northern Trust Young Cost	0	0	0	0	1,198,699	0	1,198,699
Mechanics Bank With Mgmt Boyd Cost	0	0	0	0	4,181,245	0	4,181,245
MS Select UMA Pooled 1441 Inv Cost	4,898,996	0	0	0	0	0	4,898,996
Interest in CA Comm Colleges Cost	0	0	0	0	121,564	0	121,564
SB Fdtn Hancock Promise Cost	0	0	0	0	3,012,872	0	3,012,872
MS Select UMA Boyd 3740 Inv FMV Adj	0	0	0	0	192,478	0	192,478
MS Select UMA Unrestr 2948 FMV Adj	58,584	0	0	0	0	0	58,584
Monarch With Strtgs Pooled FMV Adj	149,807	0	0	0	0	0	149,807
Monarch With Strtgs Lahr FMV Adj	0	0	0	0	5,785	0	5,785
Northern Trust Boyd FMV Adj	0	0	0	0	230,858	0	230,858
Northern Trust Young FMV Adj	0	0	0	0	88,498	0	88,498
Mechanics Bk With Mgmt Boyd FMV Adj	0	0	0	0	478,855	0	478,855
MS Select UMA Pooled 1441 FMV Adj	1,003,824	0	0	0	0	0	1,003,824
SB Fdtn Hancock Promise FMV Adj	0	0	0	0	100,366	0	100,366
Total Assets	0	403,102	2,919,055	591,605	22,320,947	3,839,151	30,073,860
LIABILITIES:							
Accounts Payable	0	886	77,487	2,500	0	0	80,873
Sales Tax Payable	0	47	0	0	0	0	47
PPP Forgivable Grant Liability	0	61,750	0	0	0	0	61,750
PPP Forgivable Grant Contra Liabl	0	(48,752)	0	0	0	0	(48,752)
Total Liabilities	0	13,932	77,487	2,500	0	0	93,919
FUND BALANCE:							
Fund Equity FYB	0	155,095	1,794,246	699,654	20,574,231	4,080,531	27,303,757
Current Income/Loss	0	234,076	1,047,322	(110,549)	1,746,716	(241,380)	2,676,184
Total Fund Balance	0	389,171	2,841,568	589,105	22,320,947	3,839,151	29,979,941
Total Liabilities & Fund Balance	0	403,103	2,919,055	591,605	22,320,947	3,839,151	30,073,860

Allan Hancock College Foundation
Fdn General Operations

Fiscal period start date 07/01/2019
 Fiscal period end date 06/30/2020
 As of Date 06/30/2020
 Chart of Accounts 3
 Fund 831001 and 831002
 Organization AFN
 Account All
 Program 709001

Account Title	Account Type	Approved Budget	Year to Date	Available Balance
Expenses				
Non Bargaining Unit	Labor	\$ 249,993	\$ 199,230	\$ 50,763
Payroll Expense/Other Forgivable Exp	Labor	\$ 48,687	\$ 48,687	\$ 0
Classified Non Instr FICA-Soc Scrt	Labor	\$ 15,500	\$ 15,371	\$ 129
Classified Non-Instr FICA-Medicare	Labor	\$ 3,595	\$ 3,595	\$ -
Classified Non Instr Health & Wifr	Labor	\$ 1,320	\$ 184	\$ 1,136
Classified Non-Instr SUI	Labor	\$ 1,082	\$ 985	\$ 97
Classified ETT-Foundation	Labor	\$ 42	\$ 38	\$ 4
Classified Non Instr Workers Comp	Labor	\$ 1,898	\$ 1,896	\$ 2
Benefit Expense/Other Forgivable Exp	Labor	\$ 64	\$ 64	\$ -
Public Relations/Recognitions	Direct Expenditures	\$ 800	\$ 616	\$ 184
Office/Operational Supplies	Direct Expenditures	\$ 7,000	\$ 4,549	\$ 2,451
Non Instr Printing	Direct Expenditures	\$ 6,500	\$ 3,593	\$ 2,907
Food - Business Meetings/Events	Direct Expenditures	\$ 5,800	\$ 3,475	\$ 2,325
Indep Contractor (Individuals)	Direct Expenditures	\$ 1,500	\$ -	\$ 1,500
Service Contracts (Businesses)	Direct Expenditures	\$ 3,385	\$ 3,375	\$ 10
Travel - All Travel Costs	Direct Expenditures	\$ 5,675	\$ 3,278	\$ 2,397
On-Site-Prof. Develop/Webinars	Direct Expenditures	\$ 500	\$ 177	\$ 323
Foundation Community Activities	Direct Expenditures	\$ 14,600	\$ 8,899	\$ 5,701
Dues & Memberships	Direct Expenditures	\$ 1,730	\$ 1,464	\$ 266
Non-Tech Licenses,Permits,Fees	Direct Expenditures	\$ 550	\$ 190	\$ 360
Non-Tech Maintenance Agreement	Direct Expenditures	\$ -	\$ -	\$ -
Software Maintenance Agreement	Direct Expenditures	\$ 10,000	\$ 9,840	\$ 160
Equipment Rental	Direct Expenditures	\$ 35	\$ -	\$ 35
Fngprnt/Bckgrnd/Psy Tst/Poly	Direct Expenditures	\$ 100	\$ -	\$ 100
Postage/Express Services	Direct Expenditures	\$ 3,240	\$ 2,833	\$ 407
Advertising	Direct Expenditures	\$ 4,135	\$ 4,134	\$ 1
Interest Expense	Direct Expenditures	\$ 35	\$ -	\$ -
Bank Service Charges	Direct Expenditures	\$ 2,200	\$ 1,873	\$ 327
Investment Brokerage Fees	Direct Expenditures	\$ 11,276	\$ 3,277	\$ 7,999
Equipment	Direct Expenditures	\$ 1,450	\$ 1,132	\$ 318
Intrafund Transfers-Out	Direct Expenditures	\$ 32,900	\$ 25,500	\$ 7,400
Revenue				
PPP Loan Forgiveness Income	Revenue	\$ 48,752	\$ 48,752	\$ -
Contributions,Gifts,Grants&Endwmnts	Revenue	\$ 39,325	\$ 65,104	\$ 7,203
Interest and Investment Income	Revenue	\$ 25,000	\$ 25,498	\$ (498)
Realized/Unrealized Gain on Investment	Revenue	\$ -	\$ (18,299)	\$ 18,299
Other Local Revenues	Revenue	\$ 425	\$ 736	\$ (280)
Intrafund Transfer-In	Revenue	\$ 133,059	\$ 280,628	\$ (147,569)
Other Transfer-In	Revenue	\$ 188,611	\$ 179,911	\$ 8,700
Revenue Total		\$ 435,172	\$ 582,330	\$ 293,965
Expenditure Total		\$ 435,593	\$ 348,254	\$ 87,303
Net Income/Expense		\$ (421)	\$ 234,075	\$ 206,662

Budget - Intrafund Transfers-In	Approved Budget	Actuals
Administration Fee @ 1.5%	\$ 81,634	\$ 106,803
President's Circle Fee @ 15%	\$ 15,000	\$ 5,527
Unrestricted Endowment Proceeds	\$ 8,000	\$ 3,400
Hancock Promise Gift Fee @ 1.5%	\$ 7,500	\$ 31,891
Hansen Unrestricted Endowment	\$ 20,925	\$ 11,271
*Title III Endowment Transfers	\$ -	\$ 121,736
Other Transfer-In (District)	\$ 188,611	\$ 179,911
	\$ 321,670	\$ 460,539

* Unrestricted Title III transfer-in represents being released from the U.S. Department of Education's 20-year Endowment Challenge Grant. The grant included the following endowments designated as unrestricted:

Bank of Santa Maria Unrestricted Principal & Proceeds	\$ 28,278
Title III Unrestricted Technology Principal & Proceeds	\$ 15,853
Title III Unrestricted Principal & Proceeds	\$ 77,605
	<u>\$ 121,736</u>

AHC Foundation Financial Overview - General Operations

Statement of Activity	Actual as of 6/30/2020	% of Budget	Revised Budget 2019-20
Support and revenue			
Unrestricted contributions	65,104	166%	39,325
PPP loan forgiveness income	48,752	100%	48,752
Transfers in (out):			-
Admin fee @ 1.5%	106,803	131%	81,634
President's Circle Fee @1%	5,527	37%	15,000
Unrestricted endowment proceeds	3,400	43%	8,000
Promise fee 1.5%	31,891	425%	7,500
Hansen Proceeds	11,271	54%	20,925
*Title III endowment transfers	121,736		-
District support foundation operations	179,911	95%	188,611
Net transfers in (out)	460,539	143%	321,670
Other	736	173%	425
Total support and revenue	575,131	140%	410,172
Expenditures - See below	(348,254)	80%	(435,593)
Other Income:			
Net realized gain	(7,396)		-
Net unrealized gain (loss)	(10,903)		
Interest and dividends	25,498	102%	25,000
Total other income	7,199	29%	25,000
Change in net assets	234,076		(421)
Net assets, beginning	155,095		155,095
Net assets, end	389,171		154,674

Statement of Financial Position	Actual as of 6/30/2020
Assets	
Current Assets	
Cash	399,042
Due from other funds	4,061
Total current assets	403,103
Total assets	403,103
Liabilities and Net assets	
Current liabilities	13,932
Net Assets	389,171
Total liabilities and net assets	403,103

	Actual as of 6/30/2020	% of Budget	Revised Budget 2019-20
Expenditures			
Advertising and postage	7,583	93%	8,175
Bank and brokerage charges	5,150	38%	13,476
Building and equipment	1,132	78%	1,450
Campaign expenses (Hancock Promise)			
Community activities	8,899	61%	14,600
Contracted personal services	3,375	69%	4,885
Contracts and leases		0%	550
Employee benefits	22,134	94%	23,501
Food	3,475	60%	5,800
Memberships and permits	1,654	73%	2,280
Miscellaneous expense	175	145%	121
Payroll PPP forgiveness	48,687	100%	48,687
Salaries	199,230	80%	249,993
Scholarship fund transfers out	25,500	78%	32,900
Software maintenance agreement	9,840	98%	10,000
Supplies and materials	8,142	60%	13,500
Travel and conference	3,278	58%	5,675
Total expenditures	348,254	80%	435,593

*Unrestricted Title III transfer-in represents being released from the U.S. Department of Education's 20-year Endowment Challenge Grant. The grant included the following endowments designated as unrestricted:

Bank of Santa Maria Unrestricted - Principal and Proceeds	\$ 28,278
Title III Unrestricted Technology Principal & Proceeds	\$ 15,853
Title III Unrestricted Principal & Proceeds	\$ 77,605
	<u>\$ 121,736</u>

AHC Foundation Financial Overview - All

Statement of Activity	Actual as of 6/30/2020
Support and revenue	
Unrestricted contributions	3,659,648
PPP loan forgiveness income	48,752
Other	2,565
Total support and revenue	3,710,965
Expenditures - See below	1,593,054
Other Income:	
Net realized gain	184,525
Net unrealized gain (loss)	(464,232)
Interest and dividends	658,069
Total other income	378,362
Other transfer-in:	
District advancement officer	56,911
District support for foundation operations	123,000
Total other transfer-in	179,911
Change in net assets	2,676,184
Net assets, beginning	27,303,757
Net assets, end	29,979,941

Statement of Financial Position	Actual as of 6/30/2020
Assets	
Current Assets	
Cash	2,342,247
Accounts receivable	-
Pledges receivable - current	228,167
Other assets	37,001
Due from other funds	17,636
Total current assets	2,625,051
Pledges receivable - non current	569,786
Investments (cost)	24,569,968
Investments (FMV adjustment)	2,309,055
Total assets	30,073,860
Liabilities and Net assets	
Current liabilities	80,921
PPP Forgivable Grant (net)	12,998
Net Assets	29,979,941
Total liabilities and net assets	30,073,860

	Actual as of 6/30/2020
Expenditures	
Advertising and postage	14,944
Bank and brokerage charges	227,852
Building and equipment	1,132
Community activities	24,325
Contracts and leases	3,625
District College Support	116,703
Employee benefits	22,134
Food	39,939
Memberships and permits	7,210
Miscellaneous	1,130
Payroll PPP forgiveness	48,687
*PCPA support	216,445
Salaries	199,230
Scholarships	536,599
Software licenses & maintenance	31,822
Student Assistance	59,055
Supplies and materials	34,434
Travel and conference	7,788
Total expenditures	1,593,054

*PCPA Support of \$209,645 resulted from 1) being released from the U.S. Department of Education's 20-year Endowment Challenge Grant, amount \$134,997; 2) M. Hancock Trust distributions, amount \$74,597. The following was provided to PCPA:

Walter Conrad - PCPA Title III Principal and Proceeds	\$	27,728
PCPA Scholarships - Title III Principal and Proceeds	\$	80,829
Sesto-Severo Title III Principal and Proceeds	\$	26,440
M. Hancock Trust - PCPA Scholarships, quarterly distributions	\$	74,648
PCPA Endowment Funding	\$	6,800
	\$	<u>216,445</u>

AHC Foundation Financial Overview - Investments

Investment Advisor/Fund	6/30/2019	6/30/2020	Change	% Change
Morgan Stanley - UMA Active Assets	\$ 6,216,427	\$ 5,902,820	\$ (313,607)	-5.04%
Morgan Stanley - UMA Unrestricted		\$ 520,233	\$ 520,233	
Morgan Stanley - Boyd Music Program	\$ 2,305,446	\$ 2,310,279	\$ 4,833	0.21%
Monarch Wealth Strategies - LPL	\$ 1,643,232	\$ 1,609,985	\$ (33,247)	-2.02%
Monarch Wealth Strategies - LPL - Lahr	\$ 63,490	\$ 62,937	\$ (553)	-0.87%
Interest in CA Community Colleges	\$ 121,564	\$ 121,564	\$ -	0.00%
Northern Trust - Young	\$ 1,453,787	\$ 1,287,197	\$ (166,590)	-11.46%
Northern Trust - Boyd	\$ 7,508,920	\$ 7,290,670	\$ (218,250)	-2.91%
Santa Barbara Foundation - Hancock Promise	\$ 425,622	\$ 3,113,238	\$ 2,687,616	631.46%
Mechanics Bank - Boyd	\$ 4,777,850	\$ 4,660,100	\$ (117,750)	-2.46%
Total	\$ 24,516,338	\$ 26,879,023	\$ 2,362,686	9.64%

Statement of Financial Position:	
Investments (cost)	\$ 24,569,968
Investments (FMV adjustment)	\$ 2,309,055
Net investments reported	\$ 26,879,023

To: Finance Committee	ACTION
From: Jon Hooten Executive Director, College Advancement	October 7, 2020
Subject: Unrestricted Gift	

BACKGROUND

At the Finance Committee meeting held on July 8, 2020, the committee tabled an action agenda item addressing the recent unrestricted gift received from the late Margaret Sjovold, retired AHC counselor. The Sjovold Family Trust named the Foundation as beneficiary of an annuity and investment account. The total of the unrestricted gift was \$296,580.

Staff is recommending the gift be a quasi endowment to support and benefit the operations of the Foundation. A quasi endowment allows the principal to be invaded down as needed. As a pooled endowment, the operations will receive the 1.5% management fee and annual proceeds.

For the committee's review, attached is General Operations Sustainability Plan that includes the proposed *M. Sjovold Memorial Endowment*.

RECOMMENDATION

The committee recommends approval of an unrestricted quasi endowment, named the *Margaret Sjovold Memorial Endowment*, supporting the Foundation's General Operations.

Allan Hancock College Foundation
General Operations Sustainability Plan

	Actual 2018-2019	Approved Budget 2019-2020	Approved Budget 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026
Unrestricted Revenue								
General Operations Unrestricted Contributions	\$ 64,624	\$ 65,104	\$ 40,000	\$ 35,057	\$ 50,680	\$ 49,610	\$ 52,111	\$ 66,160
PPP Loan Forgiveness Income	\$ -	\$ 48,752	\$ 12,998					
Other Transfer In (District support)	\$ 71,962	\$ 56,911	\$ 70,690	\$ 74,225	\$ 77,936	\$ 81,833	\$ 85,924	\$ 90,220
Other Transfer In (District Operational 3-year support)	\$ -	\$ 123,000	\$ 123,000	\$ 123,000				
Interest and Investment Income	\$ 24,623	\$ 25,498	\$ 26,250	\$ 27,563	\$ 28,941	\$ 30,388	\$ 31,907	\$ 33,502
Other Local Income	\$ 425	\$ 736	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425
Consulting Group Advisor - Unrealized Gain/Loss	\$ 26,629	\$ (18,299)						
Administration Fee 1.5%	\$ 87,895	\$ 106,803	\$ 82,500	\$ 86,625	\$ 90,956	\$ 95,504	\$ 100,279	\$ 105,293
President's Circle 15% fee	\$ 7,360	\$ 5,527	\$ 5,550	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
F. Young Endowment Proceeds	\$ 87,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,051	\$ 169,983
Hansen Unrestricted Endowment Proceeds	\$ 16,100	\$ 11,271	\$ 7,631	\$ 20,981	\$ 138,706	\$ 154,186	\$ -	\$ -
Hancock Promise 1.5% fee	\$ 3,602	\$ 31,891	\$ 7,500	\$ 12,500	\$ 12,500	\$ 8,957	\$ 10,000	
Title III Unrestricted Endowment Transfers	\$ -	\$ 121,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Endowment Proceeds	\$ 3,650	\$ 3,400	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078	\$ 6,381
Total Unrestricted Revenue	\$ 394,060	\$ 582,330	\$ 381,544	\$ 400,625	\$ 420,656	\$ 441,690	\$ 463,775	\$ 486,965

General Operations Expenses								
Total General Operating Expenses	\$ 379,766	\$ 348,254	\$ 381,544	\$ 400,625	\$ 420,656	\$ 441,690	\$ 463,775	\$ 486,965
Beginning Fund Balance	\$ 140,801	\$ 155,095						
Increase/Decrease in Fund Balance	\$ 155,095	\$ 389,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Unrestricted Quasi Endowments								
Northern Trust, F. Young Endowment, balance	\$ 859,171	\$ 771,981	\$ 722,878	\$ 759,022	\$ 796,973	\$ 836,822	\$ 724,477	\$ 599,522
Projected 5% market increase	\$ -	\$ (49,103)	\$ 36,144	\$ 37,951	\$ 39,849	\$ 41,841	\$ 37,096	\$ 30,848
Drawdown	\$ (87,190)	\$ -	\$ -	\$ -	\$ -	\$ (154,186)	\$ (162,051)	\$ (169,983)
Balance	\$ 771,981	\$ 722,878	\$ 759,022	\$ 796,973	\$ 836,822	\$ 724,477	\$ 599,522	\$ 460,387
Hansen Memorial Endowment, beginning balance	\$ 234,828	\$ 170,055	\$ 160,233	\$ 160,614	\$ 147,663	\$ 8,957	\$ 0	\$ 0
Projected 5% market increase	\$ -	\$ 1,449	\$ 8,012	\$ 8,031	\$ -	\$ (8,957)	\$ -	\$ -
Drawdown	\$ (64,773)	\$ (11,271)	\$ (7,631)	\$ (20,981)	\$ (138,706)	\$ -	\$ -	\$ -
Balance	\$ 170,055	\$ 160,233	\$ 160,614	\$ 147,663	\$ 8,957	\$ 0	\$ 0	\$ 0
M. Sovold Memorial End., beginning balance	\$ -	\$ 296,580	\$ 296,580	\$ 311,409	\$ 326,979	\$ 343,328	\$ 360,495	\$ 378,520
Projected 5% market increase	\$ -	\$ -	\$ 14,829	\$ 15,570	\$ 16,349	\$ 17,166	\$ 18,025	\$ 18,926
Drawdown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance	\$ -	\$ 296,580	\$ 311,409	\$ 326,979	\$ 343,328	\$ 360,495	\$ 378,520	\$ 397,446
Endowment balance	\$ 942,036	\$ 1,179,691	\$ 1,231,045	\$ 1,271,616	\$ 1,189,107	\$ 1,084,972	\$ 978,041	\$ 857,833

* The projected assumption is a 5% increase in revenue and expenses for each fiscal year.

Updated

9/8/2020

To: Finance Committee	INFORMATION
From: Jon Hooten Executive Director, College Advancement	October 7, 2020
Subject: Endowment Trailing Quarters Funding	

BACKGROUND

The Foundation's Endowment Funding Policy states endowment funding is determined by an annual review on November 30 of the endowment value in support of scholarships and programs. Once approved, the proceeds are transferred by June 30 and scholarships are awarded in August. This year's pandemic and the market losses, caused the Foundation to rethink the annual 1-year snapshot policy in determining funding. Staff reached out to similar community colleges for their endowment funding policies.

Cuesta College provided the 2019 NACUBO-TIAA Study of Endowments, which was electronically provided to the committee for review. The study is an analysis of endowments held by colleges and universities. The study includes 774 responses from institutions surveyed and representing \$630.5 billion endowment assets. An excerpt from the study notes - *Across all cohorts, the moving average approach continues to be the dominant spending rule. In FY2019, 74% of respondents used this approach. By averaging the endowment's market value, the moving average rule seeks to soften the impact of volatile markets on each year's spending. Nearly three-quarters of respondents (72%) use an averaging period of either 12 quarters or three years. In FY2019, the average rate used in the calculation was 4.8%, up from 4.6% in FY2018.*

Participating institutions reported an average effective endowment spending rate of 4.5%. Of the 60 institutions surveyed, with \$25 million and under in assets, 72% *spend a percentage of a moving average of the endowment's market value.*

Cuesta College is presently using the following spending formula: *The amount available for appropriation during each fiscal year shall be calculated by applying the policy spending rate to the average of the previous twelve quarters' ending-period endowment values.*

The committee will discuss changing the endowment funding to a fixed spending rate based on trailing quarters.

To: Finance Committee	ACTION
From: Jon Hooten Executive Director, College Advancement	October 7, 2020
Subject: Review and Approval Investment Policy	

BACKGROUND

The Allan Hancock College Foundation is a non-profit corporation dedicated to 1) soliciting and raising money to award scholarships to AHC students or to students who are preparing to leave AHC to continue their studies at a university; 2) supporting the educational programs of AHC; and 3) assisting AHC in funding capital needs.

The purpose of the foundation's Investment Policy Statement is to provide guidance to all related parties as to how the funds of the foundation's investments shall be managed. The intent of the policy is to be sufficiently specific to be meaningful, yet flexible enough to be practical in changing times.

The Investment Policy Statement shall be reviewed and updated on an annual basis. Members of the Finance Committee will sign and date this policy to certify that they have reviewed the document and updated it where appropriate. The document will be approved to the Board of Directors.

RECOMMENDATION

Upon review and agreement, a motion is required to approve the Investment Policy Statement.



**ALLAN HANCOCK COLLEGE FOUNDATION
INVESTMENT POLICY STATEMENT**

TABLE OF CONTENTS

SECTION	PAGE
4. Introduction and Purpose	1
5. Scope	1
6. Objectives	1
7. Policies	
7.1. Finance Committee	2
7.2. Acceptable Investments	2
7.3. Prohibited Investments	3
7.4. Diversification and Asset Allocation	3
7.5. Investment Consultants and Managers	4
7.6. Meetings, Reporting and Communication	4
7.7. Evaluation of Performance	5
8. Donations	5
9. Conflict of Interest	5
10. Endowment Funding Guidelines	
10.1. Regular Endowment Funds	5
10.2. Title III Endowment Funds	6
10.3. Quasi Endowment Funds	6
10.4. Exceptions to Endowment Funding Guidelines	6
11. Conclusion and Certification	6

ALLAN HANCOCK COLLEGE FOUNDATION INVESTMENT POLICY STATEMENT

1. INTRODUCTION AND PURPOSE

The Allan Hancock College Foundation (Foundation) is a non-profit corporation dedicated to:

- Soliciting and raising money to award scholarships to students enrolled at Allan Hancock College (AHC) or who are preparing to leave AHC to continue their studies at a four year college/university
- Supporting the educational programs of Allan Hancock College
- Assisting Allan Hancock College in the funding of its capital needs

With this mission in mind, the purpose of this Investment Policy Statement is to provide guidance to all related parties as to how the funds of the foundation shall be managed. Its intent is to outline a philosophy and attitude which will guide the investment management of the Foundation's assets towards desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical in changing times.

This policy will be reviewed on an annual basis and updated as appropriate. Members of the Finance Committee will sign and date this policy to certify that they have reviewed the document and updated it where appropriate. The document will be approved by the full Board of Directors at its regularly scheduled meeting just prior to the start of the college's fiscal year.

2. SCOPE

This Investment Policy Statement applies only to those assets for which the Foundation directors have discretionary authority. All other assets shall be managed in accordance with the guidelines established for those specific assets.

3. OBJECTIVES

The primary investment objectives of this policy are:

- To provide sufficient total return to support the scholarship program of AHC in a significant way and to support other educational programs wherever possible.
- To preserve and grow investment principal so that scholarship and educational programs can be supported over the long term.
- To maximize the total rate of return on Foundation assets consistent with reasonable standards of prudence and risk tolerance.
- To manage the Foundation's assets with a responsible sense of care, skill and diligence in all decisions.

4. POLICIES

4.1. Finance Committee

Investments are the responsibility of the Finance Committee acting under the direction of the Foundation Board. The college associate superintendent/vice president of administrative services is responsible for opening bank, brokerage, and safekeeping accounts, for executing such documents as may be necessary, and entering into investment manager agreements. As per Education Code 81655, only those persons delegated authority by the college's governing board and approved by the foundation's board of directors shall be authorized to enter into a Power of Attorney agreement with investment managers and to execute transactions, upon approval of the Finance Committee. With the approval of the Finance Committee, the college president, college associate superintendent/vice president of administrative services and the foundation executive director shall jointly establish a system of internal controls which shall be documented in writing. The internal controls shall be periodically reviewed and approved by the independent auditor for the Foundation. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and directors of the Foundation.

4.2. Acceptable Investments

- 4.2.1. Obligations of the U.S. Government and U.S. Federal Agency Securities.
- 4.2.2. Certificates of Deposit in any U.S. commercial bank or savings institution provided that the collective amount in any one institution does not exceed FDIC/SAIF insurance limitations (per the Dodd-Frank Wall Street Reform and Consumer Protection Act, permanently insured at \$250,000 as of July 21, 2010). Limitation may be exceeded where the banking institution or its parent has an investment rating of at least "A" by Moodys, Standard & Poors and/or Fitch's rating service.
- 4.2.3. Corporate notes, bonds and commercial paper provided that the issuer is rated at least "A" by Moodys, Standard & Poors and/or Fitch's rating service.
- 4.2.4. Convertible bonds. Provided that the issuer is rated at least "A" by Moodys, Standard & Poors and/or Fitch's rating service.
- 4.2.5. Money Market Mutual Funds
- 4.2.6. Equities. U.S. Domestic securities with market capitalization's of at least \$250 million that are traded on one of the major U.S. exchanges. This restriction does not apply to separately managed portfolios or mutual funds.
- 4.2.7. Foreign Equities. Traded as American Depository Receipts (ADR's). This restriction does not apply to separately managed portfolios or mutual funds.
- 4.2.8. Mutual Funds that are diversified holdings of equities in particular market capitalization groups and asset styles.
 - 4.2.8.1. Large Cap – Growth
 - 4.2.8.2. Large Cap – Value
 - 4.2.8.3. Large Cap – Blend
 - 4.2.8.4. Mid Cap – Growth
 - 4.2.8.5. Mid Cap – Value

- 4.2.8.6. Mid Cap – Blend
- 4.2.8.7. Small Cap – Growth
- 4.2.8.8. Small Cap – Value
- 4.2.8.9. Small Cap – Blend
- 4.2.8.10. Emerging Markets
- 4.2.8.11. International (by size, style and geography)
- 4.2.9. Exchange Traded Index Funds
- 4.2.10. Real Estate may be held provided it is the result of a gift to the AHC Foundation and the Finance Committee has determined that it either generates sufficient rental income to justify the cost of ownership or there is a compelling need for the property at some point in the future that justifies holding the property.
- 4.2.11. Real Estate Investment Trusts or R.E.I.T.'s.
- 4.2.12. Alternative Investments such as hedge funds may be used as an additional investment vehicle to enhance returns, reduce volatility, and expand the diversification of Foundation assets.
- 4.2.13. Mortgage Backed Securities and CMO's (excluding PAC bonds, IO's, PO's, residual bonds, etc.) may be used. These securities shall be treated as part of the foundation's fixed income asset class.

4.3. Prohibited Investments

The AHC Foundation will not invest directly in these investments. However, it is expressly understood that through our investing in certain Hedge Funds, Mutual Funds, or Alternative Investments, these fund managers may in turn be investing in certain of these instruments as part of their investment strategy.

- 4.3.1. Commodities and Futures Contracts
- 4.3.2. Private Placements
- 4.3.3. Options
- 4.3.4. Limited Partnership (does not apply in cases of Alternative Investment funds established as LLP)
- 4.3.5. Venture Capital Investments
- 4.3.6. Derivative instruments (except mortgage backs and CMO's)
- 4.3.7. Short selling, puts, calls
- 4.3.8. Margin transactions
- 4.3.9. Oil and gas or natural resource properties
- 4.3.10. Art objects or other collectibles
- 4.3.11. Private stock issuance

4.4. Diversification and Asset Allocation

Diversification is recognized by the Finance Committee as a critical tool to balance risk, return, and correlation characteristics of different asset classes in the Foundation's overall investment structure. The AHC Foundation has established the following optimal allocation of assets when investing new monies. Realizing that these strategic optimal allocation targets may have to be adjusted in certain market conditions, it has also established maximums and minimums to cover these conditions.

<u>Asset Class*</u>	<u>Minimum</u>	<u>Maximum</u>
Large Cap Equities	20%	50%
Mid Cap Equities	5%	20%
Small Cap Equities	5%	15%
International Equities	15%	50%
Fixed Income	25%	40%
Other (R.E.I.T.'s Hedge Funds, etc.)	0%	10%

*These targets relate to non restricted long term funds under management such as the endowment funds which support scholarship activity. The foundation may make exceptions for donors who require investments that fall outside these guidelines.

4.5. Investment Consultants and Managers

Acting on instructions from the Finance Committee, the foundation may enter into an agreement with an investment consulting service to advise in the selection of qualified investment managers, preparation of investment policy statements, and the monitoring and review of the manager performance.

The investment consultant shall be independent of any selected investment manager.

Any professional investment manager(s) retained by the foundation must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisory Act of 1940. The firm must be registered in its state of domicile, and have been in business a minimum of five years.

The Finance Committee may also choose to utilize the services and strategy of a Community Fund or other manager that has its own investment policy. If this is desirable, the Finance Committee will execute a due diligence review of the firm's investment policy to understand compatibility with AHC's goals and objectives.

4.6. Meetings, Reporting and Communication

The Finance Committee of the AHC Foundation will meet regularly, generally monthly and in no event less than quarterly. The committee is responsible for reporting the results of its discussions and decisions to the Executive Committee of the Board of Directors. Also, on a quarterly basis, it will report to the full Board of Directors at its regular quarterly meeting the following key information:

- 4.6.1. Period-to-date financial results
- 4.6.2. Period-to-date financial results vs. budget
- 4.6.3. Investment Portfolio results to date
- 4.6.4. Current Investment Portfolio valuations
- 4.6.5. Other pertinent investment and financial information as appropriate.

4.7. Evaluation of Performance

Fund managers will be evaluated on at least an annual basis. Their performance over a sufficiently long time horizon (at least 3 to 5 years) shall be compared to indices of similar style funds (e.g. – S & P 500, Russell 3000, etc.) and/or comparable benchmarks. Managers who consistently under perform versus appropriate benchmarks

over longer time horizons will be replaced unless compelling evidence exists to suggest that the funds performance has returned to, or is about to return to, an acceptable level.

5. DONATIONS

The Finance Committee will demonstrate “due diligence” in considering donations other than cash or liquid assets. It is recommended, and in some cases required, that the donor provide an assessment and/or valuation report. If the foundation is required to pay for the study, the study will be performed to furnish reassurance that “due diligence” was performed, should problems arise. In consideration of a gift of real estate, the committee shall use a qualified environmental consultant to provide an environmental site assessment to disclose any contamination problems or other potential problems. The committee will also consult a lawyer to interpret any legal ramifications or liabilities. The Finance Committee will make a recommendation to the Executive Committee to accept or reject the gift offer.

6. CONFLICT OF INTEREST

A conflict would result from any transaction in which the college or the foundation is a party, in which an “interested person” had a direct or indirect material financial interest. For this purpose, an “interested person” is any director, officer, or employee of the foundation. Anyone with a conflict of interest shall be precluded from the discussion and the decision making of that transaction.

Additionally, on an annual basis, all members of the Finance Committee shall sign the foundation’s “Statement of Conduct, Commitment, and Conflict of Interest”, a copy of which will be available for public review in the foundation office.

7. ENDOWMENT FUNDING GUIDELINES

7.1. Regular Endowment Funds (Permanent Endowment)

It shall be the policy of the foundation to annually fund its endowment commitment at a rate based on the following table:

Endowment Value at Review Date	Endowment Commitment
Endowment Value < Corpus Value	Zero
Endowment Value is between 100% and 129% of Corpus Value	5% of the endowment value reduced, if necessary, so that endowment value after funding does not fall below corpus value.
Endowment Value is above 129% of Corpus Value	An amount, to be determined by the foundation board, which can exceed 5%, but will in no event cause the endowment value after funding to fall below 124% of the corpus value.

Examples of the above:

Endowment Value = 103% of Corpus Value = → Endowment Commitment would be 3%.

Endowment Value = 110% of Corpus Value = → Endowment Commitment would be 5%.

Endowment Value = 135% of Corpus Value = → Endowment Commitment could be between 5% and 11% as set at the discretion of the foundation board.

It is recognized that the endowment value may be below corpus value and donations may need to be secured to fund endowment activities outside of the endowment until market conditions improve to a point that the endowment value once again exceeds corpus value.

7.2. Title III Endowment Funds (Term Endowment)

The policy on these funds shall be identical to the above regular endowment funds with the additional caveat that the endowment commitment (expressed as a percentage of the endowment fund) can not exceed fifty percent (50%) of the aggregate Title III endowment fund income as determined during that fiscal year. This term endowment restriction expires twenty years (2019) after inception of original investment date.

7.3. Quasi Endowment Funds

Quasi funds are held for a specific purpose and for which the foundation has been instructed by the donor to use all of the income and principal when the need is evident to fulfill that purpose. These funds will be invested like permanent and term endowments but expenditures will not be limited by this policy.

7.4. Exceptions to Endowment Funding Guidelines

7.4.1. Providing funding for endowment activities which exceed the above guidelines shall only be made in response to unusual circumstances and requires a 2/3 majority vote of the foundation's board of directors.

7.4.2. The foundation reserves the right to fund any portion or all of the annual endowment commitment from unrestricted funds at their discretion should the endowment value fall below corpus value. Further, the foundation shall normally pay back those unrestricted fund accounts for advances made on behalf of an endowment.

8. CONCLUSION AND CERTIFICATION

This Investment Policy Statement is designed to be used as a guideline to assist the AHC Foundation Board of Directors, the Finance Committee, and any Investment Consultants or Managers. It should be viewed as a flexible document whose purpose is to assist all parties in the management of the Foundation's assets.

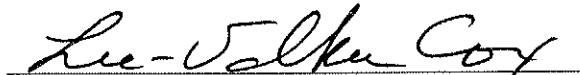
The following Finance Committee members certify that at a meeting of the Finance Committee on July 10, 2019, have reviewed and updated this Investment Policy Statement as appropriate.



Finance Committee – Chair Glenn Owen

10/16/19


Date



Committee Director Lee-Volker Cox

10/16/19

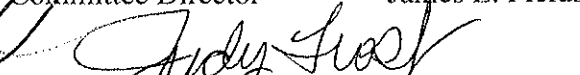
Date



Committee Director James E. Fields

10/24/2019

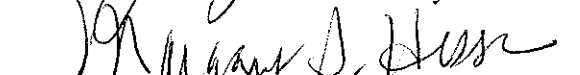
Date



Committee Director Judy Frost

10/16/19


Date



Committee Director Peggy Hesse

10/24/19

Date



Committee Director Eric D. Smith

10/16/19

Date

Approved/updated: 7/10/2019
Approved/updated: 3/28/2018
Approved/updated: 9/22/2016

To: Finance Committee	ACTION
From: Jon Hooten Executive Director, College Advancement	October 7, 2020
Subject: Approval of Boyd Fund Distribution – Fine Arts Complex	

BACKGROUND

When former faculty member Patty Boyd passed away in 2013, she left a gift of \$12 million+ to the College, via the AHC Foundation. Her intended purpose was to support music and fine arts on campus. The current value as of July 31, 2020, of those funds is identified below:

Balance as of 7/31/2020	Boyd Trust - Fine Arts Complex	Boyd Permanent \$2m Endowment - Supports Music Program
Patricia J. Boyd Fund	\$12,569,505.59	
AHC Music (Boyd) Program		\$ 2,513,028.70

In 2017, the College successfully negotiated and obtained \$14 million from the state of California to assist in the construction of a new Fine Arts classroom/complex on campus. This two-story, 88,000 gross square foot, building will house a recital hall, visual arts, multimedia and applied design, photography, film and video, dance, music and recital hall. The project consolidates all of the fine arts and performing arts (*with the exception of theatre arts*) on campus. The estimated project budget is \$48 million, with an anticipated project completion date of October 2022.

At the Foundation board meeting held on January 23, 2018, based on the requirements set forth in the Patty Boyd bequest, the board approved support of the proposed Fine Arts Complex and the allocation of \$12 million from the Patricia J. Boyd Fund to the district. The district requested the first \$600,980 disbursement from the Patricia J. Boyd Fund for the complex in 2018.

As construction on the new Fine Arts Complex has begun, the district is requesting authorization to drawdown the investment proceeds, above and beyond the \$10 million original investment, with the timing of district accessing funds at the district’s discretion. The Boyd Trust – Fine Arts Complex endowment is held at Northern Trust and Mechanics Bank.

Recommendation

The Finance Committee recommends approving drawing down the investment proceeds from the Boyd funds held at Northern Trust and Mechanics Bank and further access of the funds to be at the district’s discretion.

To: Finance Committee	INFORMATION
From: Jon Hooten Executive Director, College Advancement	October 7, 2020
Subject: Other New Business – Date for Investment Advisor’s Annual Review	

BACKGROUND

In January of each year the Finance Committee invites the Foundation’s investment advisors to present an annual review. The committee will determine a date in January 2021 for the review.