



Notice of Quarterly Meeting  
Allan Hancock College Foundation Board of Directors  
Thursday, January 24, 2019  
4:00 – 6:00 PM

Allan Hancock College, Boardroom Bldg. B100, 800 South College Drive, Santa Maria, CA 93454

AGENDA

	Page	Time
1) Call to order		4:00 PM
2) Roll Call		4:01 PM
3) Public Comment <i>Public comment not pertaining to specific agenda items is welcome at this time. 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 5 minutes.</i>		4:02 PM
4) Approval of Agenda for January 24, 2019 (ACTION)		4:05 PM
5) Approval of Minutes of the October 25, 2018 Quarterly Board Meeting (ACTION)	1-5	4:06 PM
6) Welcome and Remarks by Executive Director and Board President		4:08 PM
7) College Trustee Appointments for 2019 (INFORMATION) An announcement of the college trustee appointments to the foundation for 2019.	6	4:11 PM
8) Finance Committee		
A. Endowment Scholarship & Program Funding 2019-2020 (ACTION) A recommendation to accept the 2018-2019 endowment funding proposal with 3% Being drawn from accounts.	7	4:12 PM
B. Independent Auditor's Report Period Ending 06-30-2018 (ACTION) The Foundation audit for the period ending 06-30-2018 is complete and presented for review and approval by the board.	8-26	4:15 PM
C. Auditor's Draft IRS Form 990 Period Ending 06-30-2018 (ACTION) The Foundation's draft IRS Form 990 will be presented for review and approval by the board.	27	4:18 PM
D. Board Financial Overview (ACTION) A review of Foundation financial statements for the period ending 11/30/2018	28-31	4:20 PM
E. Hancock Promise Gift Fee (ACTION) A recommendation to approve a one-time 1.5% administrative fee on all future gifts to the Hancock Promise.	32	4:35 PM

800 South College Drive, P.O. Box 5170, Santa Maria, CA 93456-5170 | [www.ahcfoundation.org](http://www.ahcfoundation.org)  
805.925.2004 or 805.922.6966, ext. 3621 | fax 805.739.1064 | [ahcfoundation@hancockcollege.edu](mailto: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.

- |   |       |         |
|---|-------|---------|
| 9.) 2019 Goals (Information)<br>A discussion of goals for 2019 proposed by staff.   | 33    | 4:40 PM |
| 10.) Committees and Chairs for 2019 (ACTION)<br>A review of foundation committees and chairs for 2019 to be approved.   | 34-36 | 4:45 PM |
| 11.) Annual End-of-Year Appeal (Information)<br>Staff will report on the annual End-of-Year appeal, as well as its results as compared to previous years.                                 | 37    | 4:50 PM |
| 12.) Committee Reports  |       |         |
| A. Governance & Nominations (ACTION)<br>A recommendation to accept the resignations of two foundation board members.  | 38    | 4:55 PM |
| B. Hancock Promise (Information)<br>An update on recent Hancock Promise developments.   | 39    | 5:00 PM |
| C. Community Ambassadors (Information)<br>An update on upcoming community ambassador events.  | 40    | 5:05 PM |
| D. President's Circle (Information)<br>A report on 2019 President's Circle events.  | 41    | 5:10 PM |
| E. Scholarship (Information)<br>A report on the 2019-2020 scholarship program.  | 42    | 5:15 PM |
| 13.) Oral Reports   |       | 5:20 PM |
| A. Members of the Board of Directors - General Announcements  |       |         |
| B. College Superintendent/President - Dr. Kevin G. Walthers   |       |         |
| C. College Trustee - Mr. Jeffery Hall   |       |         |
| D. PCPA Foundation Representative - Mr. Jim Bray  |       |         |
| E. Faculty Representative - Ms. Christopher Diaz  |       |         |
| F. Student Representative – Mr. Frankie Maldonado   |       |         |
| G. Executive Director, College Advancement – Dr. Jon Hooten   |       |         |
| 14.) Presentation by Rick Rantz, Dean, Extended Campus<br>Rick Rantz, Dean of Extended Campus, will present on the federal prison programs at the Federal Correctional Complex in Lompoc. |       | 5:30 PM |

15.) Next Meeting

5:55 PM

The next meeting of the board is Thursday, April 25, 2019, starting at 4 PM.

16.) Adjournment (ACTION)

6:00 PM

A motion to adjourn the quarterly meeting of the Allan Hancock College Foundation Board of Directors.

*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.*



Marguerite P. Moreton  
Operations Specialist  
Allan Hancock College Foundation

**ALLAN HANCOCK COLLEGE FOUNDATION**  
QUARTERLY MEETING OF THE BOARD  
Minutes of October 25, 2018

**1. Call to Order**

Foundation President, Lee-Volker Cox, called the meeting to order at 4:00 p.m.

**2. Roll Call**

*Directors Present:* R. Alarcio, J. Bray, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, D. Hood, G. Johnson, R. Klug, D. Lahr, B. Manning, M. Nanning, K. Ostini

*Directors Absent:* F. Campo, Trustee J. Hall, T. Harrington, P. Hesse, M. Juarez, S. Orozco, G. Owen, Trustee G. Pensa, R. Rust, G. Schrage, C. Schur, D. Stevens, G. Walker, R. Welt

*College Representatives:* S. Houghton

*Faculty Representative:* C. Diaz

*Student Representative:* F. Maldonado

*Foundation Staff:* T. McCracken, N. Rucobo, M. Moreton

*Guests:* Susan Appel on behalf of Dan Stevens

*Recorder:* M. Moreton

**3. Public Comment**

Joan Jamieson presented to the Foundation Board a check for \$3,000 raised by the Santa Maria High School Class of 1960 in memory of their classmate Joni Gray. The funds are to be directed to the Hancock Promise endowment campaign.

**Marlyn Cox, Foundation staff, arrived at 4:03pm**

Susan Appel, representative of Rabobank, premiered a commercial Rabobank has created highlighting the benefits of the Hancock Promise program for the community. S. Appel showed the video and thanked the students who took part in it.

**Director Tim Harrington arrived at 4:08pm**

**Director Mario Juarez arrived at 4:08 pm**

**Director Guy Walker arrived at 4:16pm**

L-V. Cox thanked S. Houghton for her service to the Allan Hancock College Foundation, and shared accolades of her time with the Foundation. President Cox also presented her with a gift in thanks.

**4. Approval of Agenda – October 25, 2018**

Motion: On a motion by Director Manning, seconded by Director Frost, the agenda was approved on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, M. Carroll, L.-V. Cox, M. Daane, C. Diaz, J. Fields, J. Frost, T. Harrington, D. Hood, G. Johnson, M. Juarez, R. Klug, D.

Lahr, B. Manning, M. Nanning, K. Ostini, G. Walker/ Concurs: Student Representative/ Noes: None / Abstentions: None

**5. Approval of Minutes – July 19, 2018**

President Cox called for a motion to approve the minutes of the July 19, 2018 Board of Directors quarterly meeting, with the amendment submitted by Director Nanning that the President who adjourned the July 19, 2018 meeting was President Cox, not former President Moya Boice.

Motion: On a motion by Director Daane, and seconded by Director Frost, the July 19, 2018 quarterly meeting minutes were approved as amended on a roll call vote as follows: Ayes: Ayes: J. Bray, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, T. Harrington, D. Hood, R. Klug, B. Manning, M. Nanning, K. Ostini, G. Walker / Concurs: Student Representative / Noes: None / Abstentions: R. Alarcio, C. Diaz, G. Johnson, M. Juarez, D. Lahr.

**6. Introduction of new Executive Director, College Advancement**

S. Houghton introduced Jon Hooten, Ph.D., who comes to Allan Hancock College from the Dunn School in Santa Ynez. J. Hooten stated that he was glad to be joining the Foundation and College and hopes he will bring a big picture perspective.

**7. A. Review of Financial Statements**

*Judy Frost reported on behalf of Glenn Owen*

Director Frost related that the annual audit of the Foundation's finances is underway and that the results should be ready by March. Director Frost then reviewed the 2017-2018 Approved Operating Budget. Noted items in the budget included the funds raised by the 40<sup>th</sup> Anniversary Gala. The funds raised were then directed to AIM Scholarships, the PCPA Foundation and the Hancock Promise Fund. Director Frost noted that the Foundation came in \$172,000 over budget. Director Frost was also able to share that there was an increase of \$1.3 million in donations in the 2017-2018 fiscal year from the 2016-2017 fiscal year. During the 2017-2018 fiscal year there was also an increase in foundation expenditures of \$79,000 over the 2016-2017 fiscal year. The question was raised by Director Walker about \$30,000 that was listed as "Transfer In" that was not received. S. Houghton stated that the college had not given that money to the foundation and in exchange had not charged the foundation for the portion of her salary the Foundation usually contributes.

Director Frost also communicated that all financial institutions charged with handling the foundations investments have been in touch about recent market fluctuations. All have conveyed that the fluctuations are coming from the volatility and tension in the trade markets.

Motion: On a motion from Director Juarez and seconded by Director Lahr the 2017-2018 Financial reports were accepted and approved as submitted on a roll call as follows: Ayes: R. Alarcio, J. Bray, M. Carroll, L.-V. Cox, M. Daane, C. Diaz, J. Fields, J. Frost, T. Harrington, D. Hood, G. Johnson, M. Juarez, R. Klug, D. Lahr, B. Manning, M. Nanning, K. Ostini, G. Walker/ Concurs: Student Representative / Noes: None / Abstentions: None

**B. Hancock Promise Gift Fee-** President Cox and S. Houghton presented to the board information regarding the Hancock Foundation operating budget. Currently, the Foundation

operating budget is supported in part by a 1.5% admin fee charged on most endowments held by the Foundation. Gifts made to the Hancock Promise program have not been charged this administrative fee. Ms. Houghton presented fees charged by other California Community Colleges as examples. The ideas presented included annual fees on large gifts, one time fees on all gifts and the idea of increasing the current fee on existing endowments. Director Frost directed all to view page 13 of their agenda to view the fees charged by investment groups on the Foundations investments. This item will come up for a vote at the January board meeting.

#### **8. Update on Staffing**

S. Houghton presented the updated organization chart of the Foundation to the Board. With S. Houghton and T. McCracken departing in December, the overall structure of the foundation staff will be changing. T. McCracken's role has been changed to be one of a Major Gifts Officer. This person will be in charge of overall fundraising for College and Foundation programs, donor stewardship as well as prospect cultivation. They will head the Hancock Promise Program, the President's Circle efforts as well as community outreach and some grants. N. Rucobo's title has changed to Advancement Officer. Her responsibilities will now include the Community Ambassador program, Community Ambassador Committee support, serving as scholarship and donor liaison, managing the scholarship committee and event, the alumni program, quarterly newsletter and some grants. M. Moreton will now have the title of Operations Specialist. Her duties will include Donor stewardship, database management and prospect identification, support of the executive director, executive committee support, website management, event planning, end of year appeal, employee giving campaign and invoice management. M. Cox will continue to serve as fiscal technician.

#### **9. Committee Reports**

*9. A. Hancock Promise* – Director Walker reported that the recent event at the home of Roger and Priscilla Higgins was a huge success and offered his congratulations and thanks to the staff of the Foundation. Director Walker also reminded the Board of the hope for 100% participation on the part of the board in giving to the Hancock Promise fund. Director Walker has been and will be continuing to reach out to all members of the board about this. Ms. Houghton presented the most recent gifts to the Hancock Promise Endowment Campaign. Ms. Houghton also shared the success of the Bulldog Bound program. This program brings fifth and sixth graders from area schools onto the campuses to engage in fun activities and learn about everything Allan Hancock College has to offer.

*9. B. Community Ambassador Committee* – Director Carroll reported that second class of Community Ambassadors are an engaged and enthusiastic group. There are four sessions left and he encouraged everyone to drop in. The next session will be held on November 16. Things are going well!

*9. C. Governance and Nominations Committee*- President Cox passed out a demographics sheet for each director to complete in order to take a poll of what areas are in need of increased representation on the Board of Directors. President Cox also brought the groups attention to their attendance at Board Meetings. All Directors are required to attend two of the four meetings held each year at a minimum.

*9. D. President's Circle Committee* – Director Daane reported that the current number of President's Circle members is 86 with 4 pending, a significant increase from the 78 with 9

pending from the meeting held in July. Director Daane also reported on the Tailgate party held in September. The event went off perfectly, thanks to the hard work of N. Rucobo, but was poorly attended. Due in part to this low turnout, a survey was sent out to President's Circle Members. Results were largely positive, which was encouraging to all. In a poll of favorite events the PCPA event held in the spring is the favorite. Discussion has begun about what event can be done in the fall, should the decision be made to table tailgate. Dance Spectrum is a favorite event in the fall and may take the place of tailgate. The event may be structured similarly to the PCPA event.

*9. D. Scholarship Committee* – Director Manning reported that the 2019-2020 scholarship process is well underway. Thus far there have been two meetings. The committee has four new members, as four members departed during last year. The applications are set to go live during the week of November 5 and the scholarship event will be held May 23<sup>rd</sup>. Mark your calendars!

## **10. Oral Reports**

*10. A. Members of the Board of Directors* – General Announcements – Director Alarcio shared with the group that S. Houghton was recently inducted into the Cal Poly Journalism Hall of Fame. Her accomplishments are many and we are lucky to have had her as the Executive Director of College Advancement. Director Alarcio thanked her for her dedication and service.

*10. B. PCPA Foundation Representative* – Director Bray thanked S. Houghton for her time at the Foundation. He informed the board that Mamma Mia broke every record that had ever been set at Solvang in terms of attendance. The production was a major success. He also thanked the Foundation members who attended the September event at the Santa Maria Inn. Director Bray reminded the board that the next show will be Peter Pan- buy your tickets before the event sells out!

*10. C. Faculty Representative* – Mr. Diaz introduced himself to the Board, as he was unable to attend the July meeting.

*10. D. Student Representative* – Mr. Maldonado reported on upcoming activities that will involve the Associated Student Body team. He reported that the Hancock Promise has been a huge success with the student body and thanked the directors on behalf of the student body.

*10. E. Executive Director, College Advancement* – S. Houghton reminded the board of the upcoming Marian Regional Medical Center Health Services M building dedication, coming up on November 14. Ms. Houghton also brought attention to the contribution made by the Foundation to the Yes on Y campaign. Extra care was taken to ensure that the transaction was above board and appropriate. S. Houghton also brought attention to the end of Title III. Its tenure will be coming to an end and every donor contribution possible will be appreciated. The Mars Landing will be occurring on November 24 and will be live streamed from the Marian Theater. The Chancellor of California Community Colleges will be coming to campus on November 7.

## **11. Next Meeting**

The next meeting of the Allan Hancock College Foundation Board of Directors is Thursday, January 24, starting at 4:00 P.M.

**12. Adjournment**

President Cox called for a motion to adjourn the quarterly board meeting to a tour of the music department led by Mr. Chris Diaz. The meeting adjourned at 5:32 p.m.

Motion: On a motion by Director Walker, seconded by Director Juarez, the board of directors was adjourned at 5:45 p.m. on a roll-call vote as follows: Ayes: J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, C. Diaz, J. Fields, T. Harrington, P. Hesse, D. Hood, R. Klug, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, C. Schur, G. Walker, K. Walthers / Concur: Student Representative / Noes: None / Abstentions: J. Frost



<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Jon Hooten Executive Director, College Advancement</b>	<b>January 24, 2019</b>
<b>Subject: College Trustee Appointments for 2019 - Update</b>	

**BACKGROUND**

The Allan Hancock College Board of Trustees, at its December 11, 2018 meeting, approved Trustee Jeffery Hall to continue to serve as the representative to the AHC Foundation Board. Trustee Greg Pensa will continue to serve as the alternate.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 24, 2019</b>
<b>Subject: Endowment Scholarship &amp; Program Funding 2019-2020</b>	

**BACKGROUND**

According to the foundation's endowment funding policy, foundation staff determines the endowment funding with the review date of November 30. That process begins with a review of each endowment value and application of the approved funding policy formula

In keeping with the endowment funding policy, the Executive Committee is recommending the Board of Directors approve the following funding:

Funding scholarships at 3% of each endowments FMV at 11/30/18 or the minimum scholarship amount- whichever sum is larger.

**RECOMMENDATION**

The Executive Committee recommends the Board of Directors approve the 2019-2020 endowment funding at 3% withdrawn from relevant scholarship funds from the review date of November 30, 2018.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 24, 2019</b>
<b>Subject: Independent Auditor's Report for period ending June 30, 2018</b>	

**BACKGROUND**

As standard practice of the Foundation, an annual independent audit is performed as a part of the college's annual audit in accordance with the standards and procedures developed by the California Community College Board of Governors and the State of California Department of Finance. The audit for the year ending June 30, 2018, was performed by representatives from the audit firm Vavrinek, Trine, Day & Co., LLP. A copy of the Communication Letter and audit are attached for the committee's review.

**RECOMMENDATION**

The Executive Committee recommends to the Board to accept the Independent Auditor's Report for the Allan Hancock College Foundation for the period ending June 30, 2018.

**ALLAN HANCOCK COLLEGE FOUNDATION**

**(A California Nonprofit Corporation)**

---

**ANNUAL FINANCIAL REPORT  
WITH  
INDEPENDENT AUDITOR'S REPORT**

---

**JUNE 30, 2018**

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**JUNE 30, 2018**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows .....	5
Statement of Functional Expenses.....	6
Notes to Financial Statements.....	7



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Allan Hancock College Foundation  
Santa Maria, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Allan Hancock College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's 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 auditor considers internal control relevant to the Foundation'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 Foundation'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 the Allan Hancock College Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Vannest-Tune, Day & Co. LLP*

Rancho Cucamonga, California  
November 29, 2018

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

**ASSETS**

**Current Assets**

Cash and cash equivalents - unrestricted	\$ 288,084
Cash and cash equivalents - restricted	559,426
Accounts receivable	15,631
Due from Allan Hancock Joint Community College District	9,867
Unconditional promises to give	260,533
Total Current Assets	1,133,541

**Noncurrent Assets**

Investments	24,578,076
Beneficial interest in assets held by the Foundation for California Community Colleges	121,564
Long-term unconditional promises to give - net of amortized discount	590,729
Total Noncurrent Assets	25,290,369
<b>TOTAL ASSETS</b>	<b>\$ 26,423,910</b>

**LIABILITIES**

**Current Liabilities**

Accounts payable	\$ 7,285
Due to Allan Hancock Joint Community College District	289,331
Total Current Liabilities	296,616

**NET ASSETS**

Unrestricted	1,239,378
Temporarily restricted	18,574,033
Permanently restricted	6,313,883
TOTAL NET ASSETS	26,127,294
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 26,423,910</b>

See the accompanying notes to financial statements.



**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>				
Contributions	\$ 886,168	\$ 1,500,227	\$ 35,695	\$ 2,422,090
Other income	104,286	21,202	-	125,488
Net assets released from restrictions	1,218,880	(1,218,880)	-	-
<b>Total Support and Revenues</b>	<b>2,209,334</b>	<b>302,549</b>	<b>35,695</b>	<b>2,547,578</b>
<b>Expenses</b>				
Program	1,911,134	-	-	1,911,134
Operating	572,218	-	-	572,218
<b>Total Expenses</b>	<b>2,483,352</b>	<b>-</b>	<b>-</b>	<b>2,483,352</b>
<b>Other Income</b>				
Net realized gain on investments	60,243	444,033	-	504,276
Net unrealized gain on investments	37,817	520,738	-	558,555
Interest and dividends	77,726	641,283	-	719,009
<b>Total Other Income</b>	<b>175,786</b>	<b>1,606,054</b>	<b>-</b>	<b>1,781,840</b>
<b>TRANSFERS</b>	12,651	(31,528)	18,877	-
<b>CHANGE IN NET ASSETS</b>	(85,581)	1,877,075	54,572	1,846,066
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,324,959	16,696,958	6,259,311	24,281,228
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,239,378</b>	<b>\$ 18,574,033</b>	<b>\$ 6,313,883</b>	<b>\$ 26,127,294</b>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 1,846,066
Net unrealized gain on investments	(558,555)
Net realized gain on investments	(504,276)
Contributions restricted for long-term purposes	(1,535,922)
Change in operating assets and liabilities	
Unconditional promises to give	(851,262)
Accounts receivable	7,369
Prepaid expenses	1,600
Accounts payable	102,482
Net Cash Flows From Operating Activities	<u>(1,492,498)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(4,417,900)
Proceeds from sales of investments	3,887,198
Change in restricted cash	59,978
Net Cash Flows From Investing Activities	<u>(470,724)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Collections of contributions restricted for long-term purposes	<u>1,535,922</u>
 <b>NET CHANGE IN UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	
	(427,300)
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>715,384</u>
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 288,084</u></u>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Program	Operating	Total
Scholarships	\$ 727,631	\$ -	\$ 727,631
Student assistance	21,212	-	21,212
Allan Hancock College support	793,825	-	793,825
PCPA Foundation support	98,848	-	98,848
Salaries	92,818	153,981	246,799
Employee benefits	10,726	15,513	26,239
Supplies and materials	78,143	92,618	170,761
Contracted personal services	17,333	73,727	91,060
Travel and conference	50,585	25,741	76,326
Memberships and permits	2,333	1,850	4,183
Telephone	-	654	654
Postage	-	4,663	4,663
Advertising	15,327	6,925	22,252
Investment expense	-	189,115	189,115
Building and equipment	2,347	967	3,314
Miscellaneous expense	6	6,464	6,470
Total Expenses	<u>\$ 1,911,134</u>	<u>\$ 572,218</u>	<u>\$ 2,483,352</u>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

***NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The Allan Hancock College Foundation (the Foundation) (a California nonprofit corporation) was incorporated in the State of California in 1977 as a nonprofit public benefit corporation. The Foundation was organized with the purpose of providing benefits to the educational programs and services of the Allan Hancock Joint Community College District (the District). The Foundation is a Voluntary Health and Welfare Organization as defined by the Financial Accounting Standards Board (FASB) Accounting Standards of Codification (ASC) Topic 958.

**Financial Statement Presentation**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The accompanying financial statements are presented in accordance with FASB ASC 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financial interrelated organizations as defined by ASC Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

**Fair Value Measurements**

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

**Support and Expenses**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as unrestricted.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Classification of Current and Noncurrent Assets and Liabilities**

The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal operations, to be converted to cash or liquidated within twelve months of the statement of net assets date to be current. All other assets and liabilities are considered noncurrent.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Foundation also maintains cash balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$250,000. At June 30, 2018, the balances were fully insured by FDIC and SIPC.

**Accounts Receivable**

Accounts receivable consists primarily of interest and donations receivable. Bad debts are accounted for by the direct write-off method. Management has deemed all amounts as collectable; therefore, no allowance for doubtful accounts is considered necessary.

**Pledges Receivable**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined the amount of allowance for uncollectible promises to give at June 30, 2018 to be \$0.

**Investments**

Short-term investments are valued at amortized cost, which approximates market value. Investment transactions are recorded on the trade date. Realized gain and losses on sales of investments are determined on the specific identification basis.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2018 was \$22,252.

**Income Taxes**

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken, or expected to be taken, on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

The Foundation's Federal informational tax returns for the years ended June 30, 2015, 2016, and 2017, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2014, 2015, 2016, and 2017, are open to audit by State authorities.

**Allocation of Functional Expenses**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and operating activities.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**New Accounting Pronouncements**

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Foundation has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Foundation will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

**NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 represent amounts due to the Foundation as follows:

Accrued interest	\$ 15,631
------------------	-----------

**NOTE 3 - UNCONDITIONAL PROMISES TO GIVE**

As of June 30, 2018, the Foundation's unconditional promises to give consisted of the following:

Unconditional promises to give	\$ 876,800
Less: unamortized discount	(25,538)
Total	\$ 851,262

Unconditional promises to give are either unrestricted or restricted by donor instruction. Management has determined the amount of allowance for uncollectible promises to give at June 30, 2018 to be \$0.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

The discount rate used was 3.00 percent for 2018. The amortization of the discounts at June 30, 2018 was \$25,538.

As of June 30, 2018, the Foundation has been promised unconditional promises to give, which were classified as follows:

Due within one year	\$ 260,533
Due within four years	616,267
Less: pledge discount amortize	(25,538)
Subtotal long-term portion of unconditional promises to give	590,729
Total	\$ 851,262

During the current fiscal year, management monitored and reviewed the uncollectible pledges. The uncollectible pledge write-off was \$0.

**NOTE 4 - INVESTMENTS**

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2018:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Common stock	\$ 12,221,698	\$ 12,505,904	\$ 284,206
Corporate bonds and notes	3,415,585	3,495,012	79,427
U.S. Government securities	777,778	795,865	18,087
Exchange traded funds	506,514	518,292	11,778
Mutual funds	7,097,946	7,263,003	165,057
Total	\$ 24,019,521	\$ 24,578,076	\$ 558,555

Investment activity for the year ended June 30, 2018:

Net realized gain on investments	\$ 504,276
Net unrealized gains on investments	558,555
Interest and dividends	719,009
Total Investment Income	1,781,840
Investment expenses	(189,115)
Total Investment Income, Net of Expenses	\$ 1,592,725



**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

***NOTE 5 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES***

Effective January 1, 2008, the Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level I - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II - Observable inputs other than Level I prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2018. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2018.

ASSETS	Level I
Common stock	\$ 12,505,904
Corporate bonds and notes	3,495,012
U.S. Government securities	795,865
Exchange traded funds	518,292
Mutual funds	7,263,003
Total	\$ 24,578,076

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

***NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES***

The Foundation participated in the Foundation for California Community Colleges (FCCC) Osher Scholarship Challenge. This program challenged community colleges and their related foundations to raise additional contributions to be designated as part of a permanent endowment for the FCCC's Osher Scholarship Endowment. Foundations participating in this challenge campaign are guaranteed scholarship monies for qualifying students of the community college district. The Foundation raised \$100,000 toward this challenge campaign. At June 30, 2018, \$121,564 is held as permanently restricted within the Foundation net assets and is held with the FCCC. A total of \$6,967 was received during the year and made available for scholarships as qualifying students are identified. The Foundation receives no additional interest or dividends on the balance held at FCCC, and does not participate in the investment management of the funds. All donations to the FCCC Osher Scholarship Endowment must be left in the fund permanently, and cannot be returned or used for other purposes.

***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2018, represent amounts owed by the Foundation as follows:

Vendor payables	\$ 6,487
Sales tax payables	798
Total Payables	\$ 7,285

***NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS***

The following table shows the temporarily restricted net asset accounts at June 30, 2018, with balances in excess of \$100,000 shown discretely:

Patricia J. Boyd Fund	\$ 12,302,178
Hancock Promise	1,228,340
Orfalea Foundation	777,853
STEM Grant Endowment	529,740
Annual President's Circle Campaign	170,587
Wood-Claeyssens Foundation Grant	154,439
Other temporarily restricted accounts	3,410,896
Total	\$ 18,574,033

During the year ended June 30, 2018, temporarily restricted assets totaling \$1,218,880 were released to the unrestricted fund, which records the programs' expenses.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

***NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS***

The following table shows the permanently restricted net asset accounts at June 30, 2018, with balances in excess of \$100,000 shown discretely:

Boyd Music Program	\$ 2,000,000
Rick Family Memorial Endowment	473,500
William C. Adam Endowment	270,000
Edwin O'Neil Law Endowment	263,719
Hansen Engineering Scholarship Endowment	220,000
Bartleson Family Trust	217,982
Lola A. Dority Endowment	150,000
Bartleson Osher Endowment	121,564
Urbach-Sjovold Scholarship Endowment	115,291
Marian Hancock Memorial Endowment	101,945
Lipscomb Scholarship Endowment	100,000
R. Perlman Playwright Endowment	100,000
Glenn H. Robinson Endowment	100,000
Other permanently donor restricted accounts	2,079,882
Total	<u>\$ 6,313,883</u>

***NOTE 10 - TRANSFERS BETWEEN FUNDS***

During the year ended June 30, 2018, temporarily restricted funds were transferred to permanently restricted endowments and the unrestricted fund based on management analysis and donor authorizations.

***NOTE 11 - ENDOWMENTS***

The Foundation's endowment consists of 141 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Interpretation of Relevant Law**

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation has classified as permanently restricted net assets (a) original value of gifts donated to permanent endowment (b) plus the original value of subsequent gifts to the endowments (c) plus accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

As of June 30, 2018, endowment net assets were composed of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	\$ -	\$ 16,101,250	\$ 4,313,883	\$ 20,415,133
Board-designated endowment funds	1,098,578	-	2,000,000	3,098,578
Total	<u>\$ 1,098,578</u>	<u>\$ 16,101,250</u>	<u>\$ 6,313,883</u>	<u>\$ 23,513,711</u>

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Balance at July 1, 2017	\$ 1,126,315	\$ 14,398,712	\$ 6,259,311	\$ 21,784,338
Investment income, net of fees	32,314	497,888	-	530,202
Net change in value	97,548	1,415,209	-	1,512,757
Contributions	-	-	35,695	35,695
Amounts appropriated for expenditures	-	(602,666)	-	(602,666)
Other changes and net transfers	(157,599)	392,107	18,877	253,385
Endowment net assets, June 30, 2018	<u>\$ 1,098,578</u>	<u>\$ 16,101,250</u>	<u>\$ 6,313,883</u>	<u>\$ 23,513,711</u>

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Funds With Deficiencies**

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor of the UPMIFA required the Foundation to retain as a fund of perpetual duration ("below water endowments"). In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature reported as of June 30, 2018.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-specified as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of indices of similar style funds (e.g. Standard and Poor's 500, Russell 3000, etc.) and/or comparable benchmarks.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has an endowment funding policy that establishes the procedure to set the annual distribution amount for each endowment fund. The policy takes into consideration the Foundation's long-term investment objectives and specifies that if the endowment value is between 100 percent and 129 percent of its corpus value, up to 5 percent of the value may be spent. If the endowment value is less than its corpus value, no distribution may be made for that year. If the endowment value is above 129 percent of its corpus value, the Board may take action to approve a distribution in excess of 5 percent, but not to cause the endowment value to fall below 124 percent of the corpus value. In addition, this policy provides that a donor or the Foundation Board may designate an endowment as a quasi-endowment so that all of the income and corpus can be spent to fulfill the purpose of the endowment.

***NOTE 12 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2018 through November 29, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 24, 2019</b>
<b>Subject: Auditor's Draft IRS Form 990 for period ending June 30, 2018</b>	

**BACKGROUND**

As a part of the foundation's annual audit, the accounting firm Vavrinek, Trine, Day & Co., LLP also prepares the Internal Revenue Service's Form 990. The firm has provided the foundation with Form 990 final draft for the committee's review and approval, which will be distributed at the meeting.

**RECOMMENDATION**

The Executive Committee recommend the Board of Directors to accept as submitted the Auditor's Draft IRS Form 990 for period ending June 30, 2018.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 24, 2019</b>
<b>Subject: Board Financial Overview</b>	

**BACKGROUND**

A review of the Allan Hancock College Foundation financial statements.

- AHC Financial Overview
- AHC Operations Financial Overview
- AHC Financial Overview- Investments

**RECOMMENDATION**

The Finance Committee recommends that the Board of Directors approve the financial statements as submitted.

**AHC Foundation Financial Overview**  
**11/30/2017 and 11/30/2018**

Statement of Activity	11/30/2017	11/30/2018	% of Budget	Budget 2018-19
Support and revenue				
Contributions	490,594	402,393	27%	1,505,000
District/Grants	-	29,187	47%	62,020
Other	12,680	4,288	21%	20,000
Total support and revenue	503,274	435,868	27%	1,587,020
Expenditures - See below	(892,912)	(900,346)	40%	(2,269,358)
Other income	1,471,154	(427,691)	-10%	4,209,682
Change in net assets	1,081,516	(892,169)	-25%	3,527,344
Net assets, beginning	24,281,228	26,127,293		26,127,293
Net assets, end	25,362,744	25,235,124		28,067,617

Expenditures	11/30/2017	11/30/2018	% of Budget	Budget 2018-19
Advertising and postage	12,003	3,487	10%	33,400
Allan Hancock College Support	14,545	111,019	15%	750,000
Bank and brokerage charges	85,876	88,148	61%	145,500
Community activities		100,574	n/a	21,500
Contracted personal services	5,350	(953)	-4%	25,500
Contracts and leases	50,129	1,104	17%	6,500
Employee benefits	9,025	9,648	42%	23,185
Memberships and permits	684	750	18%	4,100
Miscellaneous expense	6,764	3,681	368%	1,000
PCPA/PCPA Foundation support	37,324	37,324	50%	74,000
Salaries	93,508	105,277	46%	228,923
Scholarships	448,884	408,144	76%	540,000
Hancock Promise Scholarships			0%	275,000
Student assistance	14,205	4,700	31%	15,000
Supplies and materials	70,928	26,583	41%	65,000
Telephone	268	280	37%	750
Travel and conference	43,419	580	1%	60,000
<b>Total expenditures</b>	<b>892,912</b>	<b>900,346</b>	<b>40%</b>	<b>2,269,358</b>

Statement of Financial Position	11/30/2017	11/30/2018
<b>Assets</b>		
Current Assets		
Cash	917,211	829,304
Pledges - Current		239,033
Other assets	8,164	44,332
Total current assets	925,375	1,112,669
Pledges - Long term		639,729
Investments	24,446,711	23,724,052
<b>Total assets</b>	<b>25,372,086</b>	<b>25,476,450</b>
<b>Liabilities and Net assets</b>		
Current liabilities	9,342	241,327
Net Assets	25,362,744	25,235,123
Total liabilities and net assets	25,372,086	25,476,450



**AHC Foundation Operations Financial Overview**  
**11/30/2017 and 11/30/2018**

<b>Statement of Activity</b>	<b>11/30/2017</b>	<b>11/30/2018</b>	<b>% of Budget</b>	<b>Budget 2018-19</b>
Support and revenue	453,081	174,841	52%	336,958
Expenditures	(331,130)	(153,321)	41%	(376,958)
Other income	38,996	15,266	38%	40,000
Change in net assets	160,947	36,786		-
Net assets, beginning	198,645	140,801		
Net assets, end	359,592	177,587		-

<b>Expenditures</b>	<b>11/30/2017</b>	<b>11/30/2018</b>	<b>% of Budget</b>	<b>Budget 2018-19</b>
Advertising and postage	2,754	2,686	30%	9,000
Bank and brokerage charges	7,120	5,856	41%	14,400
Building and equipment		202		1,000
Community activities	9,926	17,736	n/a	21,000
Contracted personal services	844	4,250	26%	16,650
Contracts and leases	69	1,104	201%	550
Employee benefits	9,025	9,648	42%	23,185
Food	897	3,347	67%	5,000
Gala	102,087			
Memberships and permits	451		0%	2,500
Miscellaneous expense	268	337		1,050
Promise endowment	89,800			
Salaries	93,508	105,277	46%	228,923
Scholarship banquet support	4,074		0%	20,000
Supplies and materials	5,669	2,343	17%	13,500
Telephone		280	40%	700
Title III funding			0%	13,500
Travel and conference	4,638	255	4%	6,000
<b>Total expenditures</b>	<b>331,130</b>	<b>153,321</b>	<b>41%</b>	<b>376,958</b>

<b>Statement of Financial Position</b>	<b>11/30/2017</b>	<b>11/30/2018</b>
<b>Assets</b>		
Current Assets		
Cash	376,785	152,464
Other assets	7,948	26,194
Total current assets	384,733	178,658
<b>Total assets</b>	<b>384,733</b>	<b>178,658</b>
<b>Liabilities and Net assets</b>		
Current liabilities	391	2,385
Net Assets	384,342	176,273
<b>Total liabilities and net assets</b>	<b>384,733</b>	<b>178,658</b>

**AHC Foundation Financial Overview - Investments**  
**June 30, 2018 - November 30, 2018**

	6/30/2018		Deposits		Interest & Dividends		Withdrawals		Brokerage Fees		Realized Gain/(Loss)		Unrealized Gain/(Loss)		11/30/2018		
<b>Cash &amp; Investments</b>																	
General Operations, Restricted, and Scholarships	\$	1,031,038	\$	1,103,583	\$	6,775	\$	(1,227,597)	\$	(1,310)	\$	55,927	\$	(47,395)	\$	921,021	
Endowments																	
Morgan Stanley - UMA Active Assets	\$	6,216,427	\$	-	\$	57,307	\$	(264,000)	\$	(30,632)	\$	100,955	\$	(216,192)	\$	5,863,865	
Morgan Stanley - Boyd Music Program	\$	2,305,446	\$	-	\$	25,416	\$	(92,500)	\$	(5,810)	\$	3,772	\$	(46,870)	\$	2,189,453	
Monarch Wealth Strategies - LPL	\$	1,643,232	\$	-	\$	8,833	\$	-	\$	(8,257)	\$	131,796	\$	(157,433)	\$	1,618,171	
Monarch Wealth Strategies - LPL - Lahr	\$	63,490	\$	-	\$	330	\$	-	\$	(509)	\$	(107)	\$	(989)	\$	62,221	
Osher-Barlleson	\$	121,564	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	121,564	
Northern Trust - Young	\$	1,453,787	\$	-	\$	11,868	\$	(87,190)	\$	(3,574)	\$	4,830	\$	(71,542)	\$	1,308,179	
Santa Barbara Foundation - Hancock Promise	\$	425,622	\$	74,772	\$	3,861	\$	-	\$	(2,603)	\$	(2,114)	\$	(8,435)	\$	491,104	
Rabobank Wealth Mgmt - Boyd	\$	4,777,850	\$	-	\$	41,237	\$	-	\$	(17,876)	\$	60,471	\$	(109,706)	\$	4,751,974	
Northern Trust - Boyd	\$	7,508,920	\$	-	\$	61,381	\$	-	\$	(18,454)	\$	13,905	\$	(355,617)	\$	7,210,135	
<b>Total</b>	\$	25,547,375	\$	1,178,355	\$	217,008	\$	(1,671,287)	\$	(89,019)	\$	369,435	\$	(1,014,179)	\$	24,537,685	
<b>Statement of Financial Position</b>																	
Cash																\$	829,304
Investments																\$	23,724,052
<b>Total</b>																\$	24,553,356

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen, Treasurer AHC Foundation Board</b>	<b>January 24, 2019</b>
<b>Subject: Hancock Promise Gift Fee</b>	

**BACKGROUND**

The foundation's operating budget receives a 1.5% administration fee from the majority of endowments. Currently, the 1.5% administrative fee is not assessed to the Hancock Promise endowment held at the Santa Barbara Foundation. The Executive Committee has reviewed and requests discussion by the Foundation Board to initiate this fee to incoming gifts to the Hancock Promise Endowment. This would be a one-time fee on all incoming gifts.

**Recommendation**

The Executive Committee recommends approval of the one-time gift fee of 1.5% to support the Hancock Promise Campaign and would be applied to all gifts going forward

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Jon Hooten Executive Director, College Advancement</b>	<b>January 24, 2019</b>
<b>Subject: 2019 Goals and Mission Statement</b>	

**BACKGROUND**

The Foundation staff will present a list of goals they would like to propose for the Foundation in 2019.

The goals stand as:

1. Develop and Implement a campaign strategy for the Hancock Promise
  - a. Develop Fund Development Map that identifies key constituent pools and cultivation system (already underway; to be reported by February promise meeting)
  - b. Develop specific goals and tactics for donor acquisition and retention
  - c. Set annual fundraising goal for Promise endowment
2. Increase the number of participants in Employee Giving to Promise Campaign (goals forthcoming)
  - a. Set goal for participation
  - b. Develop communication and engagement plan, for public launch August 2019 (All-staff Day)
3. Create and begin implementing a strategic 3-year Alumni Engagement plan
  - a. Research baseline engagement metrics for benchmarking
  - b. Identify and experiment with foundational steps for building an alumni program, beginning with the graduating class of 2019.
4. Launch Centennial planning for Fall 2020
  - a. Identify and assemble the executive planning committee (already underway)
  - b. Produce and begin implementation of a tactical plan this spring

*“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.”*

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Jon Hooten Executive Director, College Advancement</b>	<b>January 24, 2019</b>
<b>Subject: Committees and Chairs for 2019</b>	

**BACKGROUND**

The Foundation committees and chairs for 2019 is presented for the board's review and discussion. The current committee list follows on the next page.

**Recommendation**

The Executive Committee recommends approval by the Board of Directors for the 2019 Committees and Chairs as submitted.

**Executive Committee**

Staff liaison: Jon Hooten/Maggie Moreton

Members:

Lee-Volker Cox (2025) <i>Pres/Chair</i>	Jim Bray (2023)	Robert Manning (2021)
Trustee Jeff Hall	Glenn Owen (2026)	Mary Nanning (2020)
Kevin Walthers	Guy Walker (2022)	

**Governance/Nominations**

Staff liaison: Maggie Moreton

Members:

Mario Juarez (2025) *Chair*  
Ken Ostini (2022)

**President's Circle**

Staff liaison: June Aiello

Members:

Maggi Daane (2026) *Chair*  
Roger Welt (2019) *Terms off January 2019*  
Trustee Jeff Hall

**Scholarship**

Staff liaison: Natalie Rucobo

Members:

Mary Nanning (2020)  
Ken Ostini (2026)  
Robert Manning (2021) *Chair*  
Tim Harrington (2027)

**Ambassadors/Alumni**

Staff liaison: Natalie Rucobo

Members:

Michael Carroll (2024) <i>Chair</i>	Frank Campo (2026)
Jim Bray (2023)	Cynthia Schur (2027)
Rick Rust (2027)	Robert Klug (2024)

**Finance**

Staff liaison: Marlyn Cox/Keli

Members:

Glenn Owen (2026) *Treasurer/Chair*

Eric D. Smith

Lee-Volker Cox (2025)

Peggy Hesse (2023)

Judy Frost (2026)

**HANCOCK PROMISE**

Staff liaison: Jon Hooten/ June Aiello

Members:

Guy Walker (2022) *Chair*

Jim Fields (2025)

Doris Lahr (2021)

George Johnson (2023)

Trustee Greg Pensa

Lee Volker Cox (2025)

Dan Stevens (2027)

Debra Hood (2027)

<b>To: Board of Directors</b>	<b>Information</b>
<b>From: Jon Hooten Executive Director, College Advancement</b>	<b>January 24, 2019</b>
<b>Subject: Annual End-of-Year Appeal</b>	

**BACKGROUND**

The Foundation sends out an annual end-of-year appeal to donors who have contributed over the last several years along with including all foundation current/former board members, current/former college trustees, and endowment donors.

Returns from the 2018 mailing increased significantly over 2016 and 2017 numbers. This is thought to be in part due to the new layout, as well creating a letter centered on a Promise student.



<b>To: Executive Committee</b>	<b>ACTION</b>
<b>From: Mario Juarez, Chair Governance and Nominations Committee</b>	<b>January 24, 2019</b>
<b>Subject: Governance and Nominations Committee</b>	

**BACKGROUND**

A report to the Executive Committee of information and action items:

**- Board Member Resignations (ACTION)**

Rebecca Alarcio  
Georgia Schragar

**- Board Member terming off (Information)**

Roger Welt

**RECOMMENDATION**

The Executive Committee recommends:

- accepting with regrets the resignations of Rebecca Alarcio and Georgia Schragar
- Expressing thanks to Roger Welt for his nine years of service

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Guy Walker Vice President &amp; Chair, Hancock Promise Committee</b>	<b>January 24, 2019</b>
<b>Subject: Hancock Promise Committee Update</b>	

**BACKGROUND**

The Hancock Promise Committee will be reevaluating during the month of January and will be presenting a campaign strategy at their February meeting.

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Michael Carroll Chair, Community Ambassadors Committee</b>	<b>January 24, 2019</b>
<b>Subject: Community Ambassador's Committee Update</b>	

**BACKGROUND**

The Community Ambassador Program continues to progress. There has been three sessions highlighting Academic Affairs, Student Services, Community Education, Industrial Technology, and a general overview of AHC. The next session will be highlighting the Lompoc Valley campus and the Public Safety complex. Our Community Ambassadors will be educated on the public safety programs, the overall Lompoc campus, and they will get to watch the recruits demonstrate the simulators. This session takes place on January 25, 2019. There will be three more sessions after this.

- March 14, 2019                      12 p.m. – 4 p.m.
- May 17, 2019                        12 p.m. – 4 p.m.
- July 27, 2019                        3:00pm.

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Maggi Daane, Chair President's Circle Committee</b>	<b>January 24, 2019</b>
<b>Subject: President's Circle</b>	

**BACKGROUND**

The President's Circle will be hosting a number of events in 2019:

- A reception before the Spring 2019 Dance Spectrum Event to celebrate the 50<sup>th</sup> Anniversary of the Allan Hancock College Dance program. The event will be on March 16 from 5:30pm-7:00pm. The show will begin immediately following the reception.
- A spring/ summer cultivation event.
- A fall PCPA event similar to the PCPA Encore Circle/ President's Circle Annual Event.

Additional details will be provided as they are confirmed.

<b>To: Board of Directors</b>	<b>Information</b>
<b>From: Bob Manning Chair, Scholarship Committee</b>	<b>January 24, 2019</b>
<b>Subject: Scholarship Program 2019-2020 Update</b>	

**BACKGROUND**

The 2019-2020 scholarship cycle is off to a great start.

- Over 500 applications have been started by students
- The committee is preparing for the scholarship review process, first meeting coming up in February
- The last financial aid workshop on how to apply for AHC Foundation scholarships had over 45 students attend!

The committee is beginning work on the May 2019 scholarship banquet. More details will be sent out as they are finalized.