

# Cabrillo College FOUNDATION

## OFFICERS

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### VICE PRESIDENT

William Ow

### SECRETARY

Owen Brown

### CHIEF FINANCIAL OFFICER

Alan Aman

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VP Student Services

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VP Instruction

Enrique Buelna

Faculty Representative

### EXECUTIVE DIRECTOR

Eileen Hill

## MEMORANDUM

DATE: March 21, 2018

TO: Pegi Ard, Owen Brown, Marshall Delk, David Heald, Michael Machado, Charles Montoya, Kelly Nesheim, Gun Ruder, Robert Shepherd, Steve Snodgrass

FROM: Alan Aman, Chief Financial Officer

STAFF: Eileen Hill, Nancy Machado

GUEST: Matt Wetstein, Cabrillo College President  
Dan Tichenor, Assistant Vice President/Director of Business Strategy, Morgan Stanley

SUBJECT: Finance and Investments Committee Meeting  
Thursday, March 29, 2018  
8:30 am – 10:00 am  
Cabrillo College, Sesnon House, Room 1824  
6500 Soquel Drive, Aptos, CA 95003

Item	Responsibility	Page
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### A. Regular Open Session

1. Welcome and Call to Order	A. Aman
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2. Approval of Agenda	A. Aman
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*We reserve the right to change the order in which agenda items are discussed and/or acted upon at this meeting. Subject to further action, the agenda for this meeting is to be approved as presented. Items may be added to this agenda for discussion or action only as permitted by the Brown Act.*

*Any open session writings distributed either as part of the agenda packet, or within 72 hours of a regular meeting, can be viewed at the Foundation office, 6500 Soquel Drive, Aptos, CA 95003*

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<b>B. Public Comment</b>		
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<b>C. Reports</b>		
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2. Executive Director Report	E. Hill	9
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July 1, 2017 to March 13, 2018		
Outright Gifts:	\$ 2,890,956	
Unbooked Revocable Planned Gifts:	\$ 50,000	
Total:	\$ 2,940,956	
<b>D. Action Items</b>		
1. January 31, 2018 Financial Statements	A. Aman	
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4. Updated Statement of Investment Policy	D. Tichenor	31 - 50

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<b>E. Information Items</b>		
1. Endowment Investments and Follow-up Items:	D. Tichenor	
1.1 Endowment Investment Report		
a. Define basis for selecting benchmarks and review performance in relation to benchmarks		
b. Outline whether we should be looking at net or gross results		
c. Explain background and effect of Werba's investments in reporting portfolio returns		
d. Review comparison performance data on ESG pool vs Traditional pool		
2. Investment Consultant Fiduciary Responsibility Checklist	A. Aman	51 - 52
2.1 Graystone Consulting to disclose conflicts of interest		
3. Review of CCF Investments	A. Aman	
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1. Adjournment	A. Aman	

2017-18 Finance Committee Attendance Chart

Finance Committee Members	3/30/17	10/05/17	10/16/17	1/04/18	3/29/18
Alan Aman	P	P	P	P	
Pegi Ard	A	P	P	A	
Owen Brown	N/A	N/A	P	P	
Marshall Delk	A	P	P	P	
David Heald	A	A	A	A	
Mike Machado	P	A	A	P	
Charles Montoya	N/A	A	A	P	
Kelly Nesheim	N/A	N/A	N/A	N/A	
Gun Ruder	P	A	A	P	
Robert Shepherd	P	P	P	P	
Stephen Snodgrass	A	P	P	P	

P=Present      A=Absent      N/A=Not Applicable

Attendance is based on the Finance Committee meeting minutes. Please call the Cabrillo College Foundation office if you believe this chart is in error.

**Cabrillo College Foundation  
Finance & Investment Committee Meeting Minutes  
January 4, 2018**

**Present:** Alan Aman, Owen Brown, Marshall Delk, Michael Machado, Charles Montoya, Gun Ruder, Robert Shepherd and Steve Snodgrass

**Absent:** Pegi Ard and David Heald

**Staff:** Eileen Hill, Nancy Machado

**Guest:** Kelly Nesheim, Cabrillo College Foundation Board member

Call to Order – A. Aman called the meeting to order at 8:30 a.m.

Approval of Agenda

**Motion: MSC: S. Snodgrass/ G. Ruder** to approve the Finance and Investment Committee agenda.

Public Comment Opportunity

There were no members of the public in attendance

Approve Finance Committee Minutes

**Motion: MSC: M.Delk/O. Brown.** Alan Aman, Owen Brown, Marshall Delk, Robert Shepherd and Steve Snodgrass voted to approve the Finance & Investment Committee minutes of October 16, 2017. Michael Machado, Charles Montoya and Gun Ruder abstained. David Heald was absent.

Executive Director Report:

Eileen Hill reported that Matt Wetstein, the new Cabrillo College President will start February 1, 2018 and there will be an event to introduce him to our Board and community in February. President's Circle has raised \$310,000 towards the \$332,000 goal as of January 4, 2018. The Cabrillo College Foundation is halfway towards reaching its \$3M fundraising goal. Eileen Hill reported that she has received many requests from departments for her assistance in fundraising for needs such as resurfacing the football field and bridging the gap of the increased cost of a new greenhouse for the new Ag Tech program. Eileen will work with the Cabrillo College cabinet to prioritize the needs.

Approve Financial Statements

Finance Committee members received the October 31, 2017 Financial Statements and reviewed the November 30, 2017 Financial Statements.

A. Aman reported as of November 30, 2017, the total assets were \$32.0M, \$3M over prior year. Net assets were \$31.2M, \$3.1M over prior year. The total revenue for unrestricted, non-endowed and endowed funds was \$3.0M. Total expenses were \$1.4M with a net surplus for

all funds of \$1.6M. The total operating revenue was \$330K and expenses \$379K. The operating deficit was \$50K.

**Motion: MSC: M.Machado/G. Ruder. The committee voted unanimously to approve the November 30, 2017 Financial Statements.**

Review of Graystone Consulting contract:

The Finance Committee members reviewed the Graystone Consulting contract previously reviewed by Attorney Erin Stagg and Michael Robins (Cabrillo College). It was agreed that the content is standard for the industry but there should be a list of questions we periodically ask Brian in order to fulfill our fiduciary responsibility. The Finance Committee members agreed that we should sign a contract to provide recourse in the event of disputes and to lock in the investment consulting fee.

**Motion: MSC: S.Snodgrass/G. Ruder. The committee voted unanimously to approve the Graystone Consulting contract based on attorney's highlights and developing a checklist to review annually.**

Investment Activity Review

The Cabrillo College Foundation Traditional Endowment pool return on investments fiscal year to date as of November 30, 2017 (5 months) is as follows:

- Actual Return: 7.04%
- Benchmark Return 7.42%
- Difference -.38%

The CCF return on investments for the UBS ESG Endowment pool return on investments fiscal year to date as of November 30, 2017 (5 months) is as follows:

- Actual Return: 5.09%
- Benchmark Return 5.86%
- Difference -.77%

Environmental, Social, and Governance (ESG) Investments

The Finance Committee members reviewed a one-page donor informational piece which can be used to discuss investment opportunities for their endowed donations. The Cabrillo College Foundation opened its ESG Endowment portfolio on May 18, 2016 to provide the opportunity for donors to invest in an ESG Endowment portfolio if they wish. The committee requested data on ESG returns versus traditional pool returns at the next meeting.

UPMIFA

Finance Committee received an informational document to explain the history and intent of UPMIFA, the guiding principles for the Statement of Investment Policy.

2018-19 Budget Timeline

Staff discussed and provided a budget timeline for 2018-19. The Finance Committee will receive the budget for approval at its March 29, 2018 meeting.

Impact Investing – New Way Homes

With the current housing crisis in Santa Cruz County, businesses are struggling to attract and retain employees. Families are moving out of the region due high rental rates and the lack of rental inventory. New Way Homes is creating an investment potential for businesses to be able to have access to housing units for their employees.

Investing with New Way Homes may be an innovative financial investment for the Cabrillo College Foundation with potential to provide affordable housing units to current or new Cabrillo College employees.

The committee discussed the risk, the need, and role of the foundation. The committee did not want to pursue but wanted to keep the option on the table to discuss in the future.

Adjournment

The meeting adjourned at 9:46 a.m.

Respectfully submitted,

Nancy Machado  
Accounting & Human Resources Manager

**Upcoming Meetings:**

**Cabrillo College, Sesnon House room 1824**

**Thursday, March 29, 2018**

**8:30 a.m. to 10:00 a.m.**

**Guest: Brian Sharpes, Graystone Consulting**

Follow up items:

October 5, 2017 meeting:

1. Staff to work with Brian to finish update to the Statement of Investment Policy for the March 29, 2018 meeting.

January 4, 2018 meeting:

1. Staff to provide full investment reports from Morgan Stanley to Finance & Investment Committee
2. Staff to provide analysis on tax reform impact on non profits
3. Staff to ask Brian Sharpes to
  - begin presentations with Executive Summary then dig into the details
  - discuss comparison performance data on ESG investments vs Traditional pool investments
  - Brian to review performance in relation to the benchmarks to include defining basis for selecting these specific benchmarks and assess his group's performance in relation to these. Should we be looking at net rather than gross results? Are Werba's results included in the results?
4. Staff to create an investment consultant checklist
  - Mechanism where conflicts can be disclosed
  - Report itemized fees each yearSurvey other community colleges, community foundation, PVCHT on their investment fees

**Finance & Investment Committee Committee 2017-18 Attendance Chart**

<b>Finance &amp; Investment Committee Committee Members</b>	<b>10/5/17</b>	<b>10/16/17</b>	<b>1/4/18</b>	<b>3/29/18</b>
Alan Aman	P	P	P	
Pegi Ard	P	P	A	
Owen Brown	N/A	P	P	
Marshall Delk	P	P	P	
David Heald	A	A	A	
Mike Machado	A	A	P	
Charles Montoya	P	A	P	
Gun Ruder	A	A	P	
Robert Shepherd	P	P	P	
Stephen Snodgrass	P	P	P	

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Attendance is based on the Finance & Investment Committee Committee meeting minutes. Please call the Cabrillo College Foundation office if you believe this chart is in error.



# Executive Director Report: March 2018

## Administration

- Onboarding new President Matt Wetstein
- Succession Planning
- 3-year review of Bylaws, Master Agreement and Articles of Incorporation
- Board Member 1:1 meetings
- Nominating Committee: recruiting new Board members
- 2018-19 Operating Budget
- Top 20 California Community College Summit



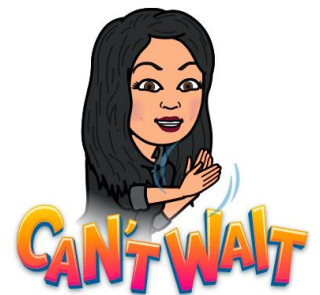
## Fundraising

- 2017-18 fundraising goal is \$3M and \$2,940,956 has been raised so far
- Evelyn Pelz \$1M estate gift
- Donor stewardship 1:1 meetings
- President's Circle: \$362,000 has been raised towards the \$332,000 goal
- Scholarships: reporting/request for High Achiever Scholarships (\$110,000), donor stewardship and solicitations, scholarship donor reception planning
- Proposals/Solicitation meetings for Foster Youth, Makerspace, Honors/Transfer, Horticulture, Engineering, Dental Hygiene, CAP, etc. (\$10,000 - \$400,000 solicitations)
- Appeal letters to over 2,500 donors and prospects (CAP, Cabrillo Stage, Stroke Center)



## Upcoming Events

- High Achiever's Scholarship Ceremony: April 12, 3:00 – 5:00 pm, Sesnon House
- President's Circle Sandy Lydon Historical Tour (\$1,000+ donors): April 21, 9:00 am – 4:00 pm
- Scholarship Donor Reception: May 1, 4:00 – 6:00 pm, Sesnon House
- President's Circle Winemaker's Dinner (\$2,500+ donors): May 17, 6:00 – 8:00 pm, Sesnon House
- President's Circle Party at the home of Erica and William Ow (\$1,500+ donors): May 24, 5:30 – 8:00 pm
- Next Board of Directors Meeting: May 8, 12:00 – 2:00 pm (11:00 am optional tour), Watsonville Center



# Cabrillo College FOUNDATION

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Enrique Buelna

Faculty Representative

#### EXECUTIVE DIRECTOR

Eileen Hill

**Date:** March 21, 2018  
**To:** Finance and Investments Committee  
**From:** Eileen Hill  
**Subject:** 2017-18 Fundraising Targets

### Background

The Board has approved a \$3M fundraising goal in outright and unbooked planned gifts, with a stretch goal of \$3.2M. The following is an outline of the specific fundraising targets for the year to reach \$3M. The \$3M goal includes a target of \$760,000 in endowed gifts and \$500,000 in unbooked planned gifts. Focusing some effort on legacy giving will help ensure the long-term health & sustainability of the Foundation.

Amount Raised 7/1/17 - 1/31/18	2017-18 Target	
<b>ANNUAL APPEALS</b>		
\$362,524	\$333,000	President's Circle
\$45,000	\$95,000	Annual Fund
\$111,046	\$170,000	Women's Educational Success
\$46,997	\$197,000	Cabrillo Advancement Program (Endowed)
\$215,171	\$500,000	Scholarships (Endowed)
\$96,612	\$250,000	Scholarships (Nonendowed)
<b>SPECIAL INITIATIVES</b>		
\$250,500	\$250,000	Guided Pathways
\$0	\$100,000	Guardian Scholars (Foster Youth)
\$35,920	\$50,000	Cabrillo Stage
\$51,226	\$50,000	Stroke Center
\$152,034	\$50,000	Tutoring Support
\$0	\$25,000	Samper 4 <sup>th</sup> Grade Experience
\$20,000	\$20,000	Makers Space Internships
\$0	\$10,000	Cabrillo Youth Chorus
\$385,716	\$300,000	Additional support for campus departments (Athletics, Dental Hygiene, Children's Center, SBDC, Engineering, etc)
\$1,118,210	\$100,000	Donor directed interests
\$50,000	\$500,000	Unbooked Planned Gifts
<b>\$2,940,956</b>	<b>\$3,000,000</b>	<b>TOTAL</b>

# Cabrillo College

# FOUNDATION

DATE: March 29, 2018

TO: Finance & Investments Committee

FROM: Eileen Hill

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Eileen Hill

July 1, 2017 to March 13, 2018

2017-18 Outright Gifts Fundraising Total

\$2,890,956

2017-18 Unbooked Revocable Planned Gifts

\$ 50,000

**Total**

**\$2,940,956**

2017-18 Fundraising Goal for Outright and Unbooked Revocable Planned Gifts \$ 3,000,000  
Recorded Gifts 7-1-17 to 3-13-18:

Evelyn Pelz Estate (Areas of Greatest Need Endowment) \$ 1,000,000

Monterey Peninsula Foundation (Guided Pathways) \$ 240,000

Mary Polo Estate (STEM Tutoring & Internships) \$ 172,034

Anonymous (Honors Program) \$ 155,000

Anonymous (President's Circle & Endowment) \$ 100,000

Joan Griffiths (President's Circle) \$ 61,051

Kathryn Shephard (Scholarship) \$ 40,653

Rachael Spencer & Kevin Rooney (Spencer – Rooney Transfer

Endowment & President's Circle) \$ 34,004

William & Lupe Burgstrom (CAP) \$ 25,000

Brian & Patti Herman (Guided Pathways, President's Circle, Scholarship) \$ 24,000

Dominican Santa Cruz Hospital (Scholarship) \$ 22,000

Muriel Prolo (Piano Nonendowed & President's Circle) \$ 21,480

Jill & Dick Wilson (Scholarship) \$ 20,420

Leonard R. Lundquist Trust (Faculty Grants) \$ 18,210

Jo-Ann Panzardi (Engineering, Scholarship & WES) \$ 15,360

Joyce Wrenn (Scholarship) \$ 15,100

Esther & Gerry Levandoski (CAP & President's Circle) \$ 15,000

Jocelyn Levy (Scholarship) \$ 15,000

Snap-Raise (Baseball) \$ 13,256

Bill & Brigid Simpkins (Stroke Center, CAP, Men's Water Polo) \$ 12,500

Jim & Lynda Gentry Estate (Stroke Center) \$ 12,376

Rachel Weeden (WES, Scholarship, President's Circle) \$ 11,998

Claire Biancalana & William Kelsay (President's Circle, Stroke Center

& Scholarship) \$ 10,481

Thomas Sourisseau (President's Circle, Stroke Center & Scholarship) \$ 10,243

Norman Lezin Estate (TBD) \$ 10,000

Carol Moore Notaras (Dental Hygiene) \$ 10,000

Patty Quillin & Reed Hastings (President's Circle) \$ 10,000

Ow Family Properties (Stroke Center) \$ 10,000

Wells Fargo Bank (SBDC) \$ 10,000

Foundation for CA Community Colleges (Scholarship) \$ 9,900

Harry & Mary Blanchard (WES, President's Circle, Scholarship,

Cabrillo Stage) \$ 7,000

Ziggy & Sylvia Cierkosz (Engineering) \$ 7,000

Phyllis Rosenblum (Physics, Music, President's Circle & WES) \$ 6,250

Susan & Richard Beach (Scholarship) \$ 6,000

Gifts under \$6,000.00 (1,878 of 1,912 total donors) **\$ 739,640**

Total Outright Gifts \$ 2,890,956

Total Unbooked Revocable Planned Gifts **\$ 50,000**

**TOTAL \$2,940,956**

**Notes:** 1. For 2017-18, the Cabrillo College Foundation has been notified of one planned gift of \$50,000.  
The cumulative unbooked revocable planned gifts total is \$24,595,000

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**CABRILLO COLLEGE FOUNDATION**  
**January 31, 2018 Condensed Narrative**  
**Updated March 13, 2018**

**(1) Balance Sheet**

- **Total Assets:**  
Total assets of \$34.9M are \$4.8M over prior year due to positive investment results, receipt of pledge payments and higher contributed income.
- **Receivables:**  
Total pledges receivable are \$472K less than prior year. Pledges receivable will continue to decline until new pledges or bequests are received.
- **Liabilities:**  
Liabilities of \$1.1M are consistent with prior year with the exception of CalPERS Deferred Outflows. There is a \$126K variance on both the asset and liability side due to the year-end adjustment to move the balances to asset accounts from liability accounts.
- **Net Assets:**  
Total net assets of \$33.8M are \$4.7M over prior year.

**(2) Income Statement**

- **Revenue:**  
Earned income as of January 31, 2018 of \$3.4M is \$1.4M over the prior year balance of \$2.0M. Contributed income of \$2.6M is \$1.1M over prior year due to recording the \$1.0M Evelyn Pelz bequest.
- **Expenses:**  
Expenses of \$1.8M are in line with prior year.
- **Surplus/Deficit:**  
As of January 31, 2018, the Cabrillo College Foundation has a \$4.2M surplus; \$2.5M higher than prior year. This is due to the \$1.0M donation from the Evelyn Pelz Estate and \$1.5M positive investment results.

**(3) Operational Budget to Actual**

- **Revenue:**  
Operating revenue of \$687k is \$177K favorable vs budget. Fee Income and President's Circle are above projection for 17-18.

- **Expenses:**  
Operating expenses of \$530K are \$46K favorable vs projection. The largest variance is Consultants expense which is \$10K favorable vs projection. The website update came in \$10K under budget.
- **Surplus/Deficit:**  
The operating fund surplus is \$157K. This is \$223K better than projected due to a \$74K favorable variance in fee income and \$89K variance in President's Circle donations.

#### **(4) Investment Report**

- Our return on investments for the UBS Long-Term Pool fiscal year to date as of January 31, 2018 (7 months) is as follows:  
  

Actual Return:	12.85%
Benchmark Return:	13.31%
Difference:	- 0.46%
- Our return on investments for the UBS ESG Long-Term Pool fiscal year to date as of January 31, 2018 (7 months) is as follows:  
  

Actual Return:	8.51%
Benchmark Return:	9.37%
Difference:	-0.86%

**Cabrillo College Foundation**  
**Balance Sheet as of January 31, 2018**  
 With Comparative Totals as of January 31, 2017

	Operating 1/31/18 A	Nonendowed 1/31/18 B	Endowed 1/31/18 C	Total 1/31/18 D	Total 1/31/17 E
<b>ASSETS</b>					
CASH AND INVESTMENTS					
CASH					
WELLS FARGO BANK	\$17,128	(\$8,258)	\$43,764	\$52,635	\$31,800
BAY FEDERAL	\$6,157	\$0	\$1,290	\$7,447	\$7,445
BAY FEDERAL CREDIT UNION	\$22,809	\$150,000	\$0	\$172,809	\$172,378
MORGAN STANLEY NONENDOWED	\$834,428	\$2,055,427	\$646,787	\$3,536,641	\$3,174,979
SANTA CRUZ COUNTY BANK	\$10,738	\$196,364	\$0	\$207,102	\$206,674
MORGAN STANLEY GIFT RECEIPT	\$4,241	\$1,032	\$557	\$5,830	\$0
MORGAN STANLEY GATES	\$15,249	\$15,224	\$0	\$30,473	\$67,135
LIGHTHOUSE BANK	\$17,064	\$233,000	\$0	\$250,064	\$250,965
SUBTOTAL CASH	\$927,815	\$2,642,790	\$692,397	\$4,263,001	\$3,911,376
INVESTMENTS					
MORGAN STANLEY TITLE V HOLDING	\$0	\$0	\$0	\$0	\$21,004
MORGAN STANLEY LONG TERM POOL	\$97,084	\$4,256	\$27,450,541	\$27,551,881	\$23,398,612
MORGAN STANLEY TITLE V	\$0	\$0	\$1,168,467	\$1,168,467	\$994,724
MORGAN STANLEY TITLE III	\$0	\$0	\$190,728	\$190,728	\$168,618
MORGAN STANLEY ESG	\$3,038	\$0	\$904,289	\$907,328	\$588,880
SUBTOTAL INVESTMENTS	\$100,123	\$4,256	\$29,714,025	\$29,818,404	\$25,171,839
TOTAL CASH AND INVESTMENTS	\$1,027,937	\$2,647,045	\$30,406,422	\$34,081,405	\$29,083,215
RECEIVABLES					
PLEDGES					
PLEDGES - UNRESTRICTED	\$7,945	\$0	\$0	\$7,945	\$19,746
PLEDGES - ANNUAL FUND	\$28,653	\$0	\$0	\$28,653	\$30,396
PLEDGES - RESTRICTED	\$0	\$101,895	\$23,128	\$125,023	\$584,076
ALLOWANCE FOR UNCOLLECTIBLE PLEDGES	(\$10,029)	\$0	\$0	(\$10,029)	(\$10,642)
SUBTOTAL PLEDGES	\$26,570	\$101,895	\$23,128	\$151,593	\$623,576
ACCOUNTS RECEIVABLE					
ACCOUNTS RECEIVABLE	\$250	\$1,624	\$0	\$1,874	\$4,043

**Cabrillo College Foundation**  
**Balance Sheet as of January 31, 2018**  
 With Comparative Totals as of January 31, 2017

	Operating 1/31/18 A	Nonendowed 1/31/18 B	Endowed 1/31/18 C	Total 1/31/18 D	Total 1/31/17 E
TOTAL ACCOUNTS RECEIVABLE	\$250	\$1,624	\$0	\$1,874	\$4,043
OTHER RECEIVABLES					
NOTES RECEIVABLE	\$10,925	\$0	\$0	\$10,925	\$0
ACCRUED INTEREST RECEIVABLE	\$2,622	\$0	\$0	\$2,622	\$0
SPLIT INTEREST AGREEMENTS	\$59,862	\$75,054	\$325,714	\$460,630	\$378,181
SUBTOTAL OTHER RECEIVABLES	\$73,409	\$75,054	\$325,714	\$474,177	\$378,181
TOTAL RECEIVABLES	\$100,229	\$178,573	\$348,843	\$627,644	\$1,005,800
FIXED ASSETS					
OFFICE EQUIPMENT	\$75,743	\$0	\$0	\$75,743	\$70,092
ACCUMULATED DEPRECIATION	(\$70,092)	\$0	\$0	(\$70,092)	(\$70,092)
TOTAL FIXED ASSETS (NET)	\$5,651	\$0	\$0	\$5,651	\$0
PREPAID EXPENSES	\$5,217	\$0	\$0	\$5,217	\$707
PREPAID RETIREMENT EXPENSE	\$26,227	\$0	\$0	\$26,227	\$27,341
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$44,977	\$0	\$0	\$44,977	\$0
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$81,394	\$0	\$0	\$81,394	\$0
<b>TOTAL ASSETS</b>	<b>\$1,291,633</b>	<b>\$2,825,618</b>	<b>\$30,755,265</b>	<b>\$34,872,515</b>	<b>\$30,117,063</b>

**Cabrillo College Foundation**  
**Balance Sheet as of January 31, 2018**  
 With Comparative Totals as of January 31, 2017

	Operating 1/31/18 A	Nonendowed 1/31/18 B	Endowed 1/31/18 C	Total 1/31/18 D	Total 1/31/17 E
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
PAYABLES AND ACCRUED EXPENSES					
ACCOUNTS PAYABLE	\$5,391	\$5,702	\$0	\$11,094	\$29,985
ACCRUED PTO	\$34,932	\$0	\$0	\$34,932	\$18,097
ACCRUED EXPENSES	\$10,520	\$0	\$0	\$10,520	\$57,395
PAYROLL WITHHOLDINGS	\$0	\$0	\$0	\$0	\$816
SECTION 125 WITHHOLDINGS	\$477	\$0	\$0	\$477	\$1,050
ACCRUED RETIREE MEDICAL BENEFITS	\$59,305	\$0	\$0	\$59,305	\$54,850
UNFUNDED PERS PENSION LIABILITY	\$336,966	\$0	\$0	\$336,966	\$247,461
DEFERRED REVENUE - PERS	\$40,294	\$0	\$0	\$40,294	\$65,392
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$0	\$0	\$0	\$0	(\$45,176)
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$0	\$0	\$0	\$0	(\$42,938)
SUBTOTAL PAYABLES, ACCRUED EXPENSES	\$487,884	\$5,702	\$0	\$493,587	\$386,932
SCHOLARSHIPS AWARDED					
CAP SCHOLARSHIPS	\$0	\$31,997	\$463,177	\$495,174	\$501,350
ENDOWED SCHOLARSHIPS	\$0	\$0	\$0	\$0	\$1,534
ANNUAL SCHOLARSHIPS	\$0	\$80,918	\$0	\$80,918	\$95,021
SUBTOTAL SCHOLARSHIPS AWARDED	\$0	\$112,915	\$463,177	\$576,092	\$597,906
WES GRANTS PAYABLE					
WES GRANTS	\$0	\$0	\$22,115	\$22,115	\$20,936
SUBTOTAL WES GRANTS PAYABLE	\$0	\$0	\$22,115	\$22,115	\$20,936
<b>TOTAL LIABILITIES</b>	<b>\$487,884</b>	<b>\$118,618</b>	<b>\$485,292</b>	<b>\$1,091,794</b>	<b>\$1,005,774</b>
<b>NET ASSETS</b>					
OPERATING NET ASSETS					
DESIGNATED-OPERATING RESERVE	\$290,617	\$0	\$0	\$290,617	\$228,839
DESIGNATED-EQUIPMENT	\$15,000	\$0	\$0	\$15,000	\$15,000
DESIGNATED-HURD TRIBUTE	\$294,302	\$0	\$0	\$294,302	\$294,302
DESIGNATED-RETIREE MEDICAL BENEFITS	\$47,023	\$0	\$0	\$47,023	\$41,337
UNDESIGNATED	\$156,806	\$0	\$0	\$156,806	\$44,758



**Cabrillo College Foundation**  
**Balance Sheet as of January 31, 2018**  
 With Comparative Totals as of January 31, 2017

	Operating 1/31/18 A	Nonendowed 1/31/18 B	Endowed 1/31/18 C	Total 1/31/18 D	Total 1/31/17 E
SUBTOTAL OPERATING NET ASSETS	\$803,748	\$0	\$0	\$803,748	\$624,236
NET ASSETS - NONENDOWED	\$0	\$2,707,000	\$0	\$2,707,000	\$3,294,478
NET ASSETS - ENDOWED	\$0	\$0	\$30,269,973	\$30,269,973	\$25,192,575
<b>TOTAL NET ASSETS</b>	<b>\$803,748</b>	<b>\$2,707,000</b>	<b>\$30,269,973</b>	<b>\$33,780,721</b>	<b>\$29,106,923</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,291,632</b>	<b>\$2,825,618</b>	<b>\$30,755,265</b>	<b>\$34,872,515</b>	<b>\$30,117,063</b>
 BEGINNING BALANCE WITH CURRENT YEAR ADJUSTMENTS	 \$646,942	 \$2,894,942	 \$26,087,469	 \$29,629,353	 \$27,421,720
 NET SURPLUS/(DEFICIT)	 \$156,806	 (\$187,941)	 \$4,182,504	 \$4,151,368	 \$1,685,203
 ENDING NET ASSETS	 \$803,748	 \$2,707,000	 \$30,269,973	 \$33,780,721	 \$29,106,923

**Cabrillo College Foundation**  
**Income Statement by Fund as of January 31, 2018**  
 With Comparative Totals as of January 31, 2017

	Operating 1/31/18 A	Nonendowed 1/31/18 B	Endowed 1/31/18 C	Total 1/31/18 D	Total 1/31/17 E
<b>REVENUE</b>					
EARNED INCOME					
INTEREST AND DIVIDENDS	\$17,923	\$180	\$391,723	\$409,826	\$341,092
UNREALIZED GAIN/LOSS ON SECURITIES	(\$203)	\$0	\$2,448,535	\$2,448,331	\$1,154,026
REALIZED GAINS/LOSSES	\$0	\$0	\$227,276	\$227,276	\$298,567
FEE INCOME	\$114,914	\$0	\$0	\$114,914	\$57,741
OPERATIONAL ENDOWMENT PAYOUT	\$14,057	\$0	\$0	\$14,057	\$14,030
ENDOWMENT MANAGEMENT FEE	\$196,400	\$0	\$0	\$196,400	\$168,954
TOTAL EARNED INCOME	\$343,091	\$180	\$3,067,534	\$3,410,805	\$2,034,410
CONTRIBUTED INCOME					
RESTRICTED CONTRIBUTIONS	\$0	\$630,351	\$1,576,281	\$2,206,632	\$1,096,113
ANNUAL FUND	\$8,328	\$0	\$0	\$8,328	\$35,417
PRESIDENT'S CIRCLE GIFTS	\$318,191	\$0	\$0	\$318,191	\$288,784
UNRESTRICTED GIFTS	\$9,864	\$0	\$0	\$9,864	\$20,301
INTERFUND CONTRIBUTIONS	\$0	(\$1,451)	\$1,451	\$0	\$0
IN KIND REVENUE	\$0	\$27,716	\$0	\$27,716	\$16,751
IN KIND REVENUE-RENT	\$7,770	\$0	\$0	\$7,770	\$9,534
TOTAL CONTRIBUTED INCOME	\$344,152	\$656,616	\$1,577,732	\$2,578,501	\$1,466,900
<b>TOTAL REVENUE</b>	<b>\$687,243</b>	<b>\$656,796</b>	<b>\$4,645,266</b>	<b>\$5,989,305</b>	<b>\$3,501,310</b>
<b>EXPENSES</b>					
SALARIES & WAGES					
SALARIES & WAGES	\$257,358	\$4,463	\$0	\$261,821	\$290,602
TOTAL SALARIES & WAGES	\$257,358	\$4,463	\$0	\$261,821	\$290,602
PAYROLL TAXES, BENEFITS					
PAYROLL TAXES, BENEFITS	\$132,939	\$591	\$0	\$133,530	\$124,731
TOTAL PAYROLL TAXES, BENEFITS	\$132,939	\$591	\$0	\$133,530	\$124,731
ADVERTISING	\$0	\$0	\$0	\$0	\$787
PRINTING	\$17,509	\$0	\$0	\$17,509	\$17,549
PHOTOS	\$1,575	\$0	\$0	\$1,575	\$1,600
CONSULTANTS	\$40,465	\$0	\$0	\$40,465	\$29,754

**Cabrillo College Foundation**  
**Income Statement by Fund as of January 31, 2018**  
 With Comparative Totals as of January 31, 2017

	Operating 1/31/18 A	Nonendowed 1/31/18 B	Endowed 1/31/18 C	Total 1/31/18 D	Total 1/31/17 E
FOOD	\$0	\$0	\$0	\$0	\$60
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$23,493	\$0	\$0	\$23,493	\$23,604
OFFICE EQUIP & MAINTENANCE					
OFFICE EQUIPMENT	\$604	\$0	\$0	\$604	\$517
DEPRECIATION EXPENSE	\$303	\$0	\$0	\$303	\$0
SOFTWARE MAINTENANCE	\$10,953	\$0	\$0	\$10,953	\$10,236
TOTAL OFFICE EQUIP & MAINTENANCE	\$11,860	\$0	\$0	\$11,860	\$10,753
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$177	\$0	\$0	\$177	\$1,075
OFFICE SUPPLIES	\$5,678	\$0	\$0	\$5,678	\$4,369
POSTAGE & MAILING SERVICE	\$3,908	\$0	\$0	\$3,908	\$1,991
BOARD EXPENSES	(\$610)	\$0	\$0	(\$610)	(\$240)
OTHER EXPENSES					
MISCELLANEOUS	\$247	\$0	\$0	\$247	\$108
UNCOLLECTIBLE PLEDGES	\$8,244	\$5,325	\$260	\$13,829	\$31,827
MILEAGE & PARKING	\$207	\$0	\$0	\$207	\$96
INTERNET SERVICE	\$700	\$0	\$0	\$700	\$611
IT HOSTING SERVICE	\$9,295	\$0	\$0	\$9,295	\$4,002
BANK CHARGES	\$4,834	\$150	\$0	\$4,984	\$3,703
INVESTMENT FEES	\$0	\$0	\$74,170	\$74,170	\$110,981
MANAGEMENT FEES	\$0	\$0	\$193,336	\$193,336	\$164,636
DIRECTOR/OFFICER LIABILITY INS	\$2,524	\$0	\$0	\$2,524	\$2,600
LIABILITY AND PROPERTY INSURANCE	\$2,264	\$0	\$0	\$2,264	\$2,354
TOTAL OTHER EXPENSES	\$28,315	\$5,475	\$267,767	\$301,556	\$320,918
IN KIND EXPENSE	\$0	\$27,716	\$0	\$27,716	\$16,751
IN KIND EXPENSE - RENT	\$7,770	\$0	\$0	\$7,770	\$9,534
PROJECT EXPENSES	\$0	\$661,852	\$0	\$661,852	\$791,147
CAF EXPENSES	\$0	\$0	\$191,896	\$191,896	\$24,352
SCHOLARSHIPS	\$0	\$144,641	\$3,100	\$147,741	\$146,770
<b>TOTAL EXPENSES</b>	<b>\$530,437</b>	<b>\$844,738</b>	<b>\$462,762</b>	<b>\$1,837,937</b>	<b>\$1,816,107</b>

**Cabrillo College Foundation**  
**Income Statement by Fund as of January 31, 2018**  
With Comparative Totals as of January 31, 2017

**NET SURPLUS/(DEFICIT)**

<u>\$156,806</u>	<u>(\$187,941)</u>	<u>\$4,182,504</u>	<u>\$4,151,368</u>	<u>\$1,685,203</u>
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# Cabrillo College Foundation

## Income Statement-Budget to Actual as of 1/31/18

### With Comparative Totals as of 1/31/17

	16-17 Actual 7 Months A	17-18 Actual 7 Months B	17-18 Budget 7 Months C	17-18 Actual To 17-18 Budget D	17-18 7 Mo. Actual and 5 Mos. Projected E	17-18 Annual Budget (Approved 5/9/17) F	Variance 17-18 7 Mos. Actual & 5 Mos. Projected to 17-18 Budget G
<b>REVENUE</b>							
EARNED INCOME							
INTEREST AND DIVIDENDS	\$12,841	\$17,923	\$13,650	\$4,273	\$23,400	\$23,400	\$0
UNREALIZED GAIN/LOSS ON SECURITIES	(\$10,176)	(\$203)	\$0	(\$203)	\$0	\$0	\$0
REALIZED GAINS/LOSSES	\$4,378	\$0	\$0	\$0	\$0	\$0	\$0
FEE INCOME	\$57,741	\$114,914	\$41,153	\$73,762	\$161,080	\$119,101	\$41,979
OPERATIONAL ENDOWMENT PAYOUT	\$14,030	\$14,057	\$14,232	(\$175)	\$14,057	\$14,232	(\$175)
ENDOWMENT MANAGEMENT FEE	\$168,954	\$196,400	\$181,940	\$14,461	\$384,879	\$363,879	\$21,000
<b>TOTAL EARNED INCOME</b>	<b>\$247,767</b>	<b>\$343,091</b>	<b>\$250,974</b>	<b>\$92,117</b>	<b>\$583,416</b>	<b>\$520,612</b>	<b>\$62,804</b>
CONTRIBUTED INCOME							
ANNUAL FUND	\$35,417	\$8,328	\$9,500	(\$1,172)	\$95,000	\$95,000	\$0
PRESIDENT'S CIRCLE GIFTS	\$288,784	\$318,191	\$229,000	\$89,191	\$360,000	\$321,000	\$39,000
UNRESTRICTED GIFTS	\$20,301	\$9,864	\$10,772	(\$909)	\$9,864	\$18,467	(\$8,603)
INTERFUND CONTRIBUTIONS	(\$141)	\$0	\$0	\$0	\$0	\$0	\$0
IN KIND REVENUE-RENT	\$9,534	\$7,770	\$9,534	(\$1,764)	\$13,320	\$16,344	(\$3,024)
<b>TOTAL CONTRIBUTED INCOME</b>	<b>\$353,895</b>	<b>\$344,152</b>	<b>\$258,806</b>	<b>\$85,346</b>	<b>\$478,184</b>	<b>\$450,811</b>	<b>\$27,373</b>
<b>TOTAL REVENUE</b>	<b>\$601,663</b>	<b>\$687,243</b>	<b>\$509,780</b>	<b>\$177,463</b>	<b>\$1,061,600</b>	<b>\$971,423</b>	<b>\$90,177</b>
<b>EXPENSES</b>							
SALARIES & WAGES							
SALARIES & WAGES	\$286,635	\$257,358	\$270,184	\$12,826	\$488,459	\$493,459	\$5,000
<b>TOTAL SALARIES &amp; WAGES</b>	<b>\$286,635</b>	<b>\$257,358</b>	<b>\$270,184</b>	<b>\$12,826</b>	<b>\$488,459</b>	<b>\$493,459</b>	<b>\$5,000</b>
PAYROLL TAXES, BENEFITS							
PAYROLL TAXES, BENEFITS	\$124,184	\$132,939	\$127,649	(\$5,290)	\$243,212	\$237,965	(\$5,247)
<b>TOTAL PAYROLL TAXES, BENEFITS</b>	<b>\$124,184</b>	<b>\$132,939</b>	<b>\$127,649</b>	<b>(\$5,290)</b>	<b>\$243,212</b>	<b>\$237,965</b>	<b>(\$5,247)</b>
ADVERTISING	\$787	\$0	\$500	\$500	\$1,000	\$1,000	\$0
PRINTING	\$17,549	\$17,509	\$17,900	\$391	\$21,000	\$19,100	(\$1,900)
PHOTOS	\$1,600	\$1,575	\$2,000	\$425	\$3,400	\$3,400	\$0
CONSULTANTS	\$29,754	\$40,465	\$62,333	\$21,868	\$61,950	\$71,950	\$10,000
FOOD	\$60	\$0	\$175	\$175	\$300	\$300	\$0

# Cabrillo College Foundation

## Income Statement-Budget to Actual as of 1/31/18

With Comparative Totals as of 1/31/17

	16-17 Actual 7 Months A	17-18 Actual 7 Months B	17-18 Budget 7 Months C	17-18 Actual To 17-18 Budget D	17-18 7 Mo. Actual and 5 Mos. Projected E	17-18 Annual Budget (Approved 5/9/17) F	Variance 17-18 7 Mos. Actual & 5 Mos. Projected to 17-18 Budget G
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$23,604	\$23,493	\$28,347	\$4,854	\$53,305	\$50,026	(\$3,279)
OFFICE EQUIP & MAINTENANCE							
OFFICE EQUIPMENT	\$517	\$604	\$688	\$85	\$3,500	\$1,180	(\$2,320)
DEPRECIATION EXPENSE	\$0	\$303	\$0	(\$303)	\$808	\$0	(\$808)
SOFTWARE MAINTENANCE	\$10,236	\$10,953	\$10,986	\$33	\$10,953	\$10,986	\$33
TOTAL OFFICE EQUIP & MAINTENANCE	\$10,753	\$11,860	\$11,674	(\$186)	\$15,261	\$12,166	(\$3,095)
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$1,075	\$177	\$876	\$698	\$328	\$1,501	\$1,173
OFFICE SUPPLIES	\$4,369	\$5,678	\$3,721	(\$1,957)	\$6,379	\$6,379	\$0
POSTAGE & MAILING SERVICE	\$1,991	\$3,908	\$5,847	\$1,939	\$10,023	\$10,023	\$0
BOARD EXPENSES	(\$240)	(\$610)	\$1,266	\$1,876	\$2,170	\$2,170	\$0
OTHER EXPENSES							
MISCELLANEOUS	\$108	\$247	\$263	\$16	\$450	\$450	\$0
UNCOLLECTIBLE PLEDGES	\$31,727	\$8,244	\$19,396	\$11,152	\$33,250	\$33,250	\$0
MILEAGE & PARKING	\$96	\$207	\$318	\$111	\$545	\$545	\$0
INTERNET SERVICE	\$611	\$700	\$631	(\$69)	\$1,081	\$1,081	\$0
IT HOSTING SERVICE	\$4,002	\$9,295	\$4,602	(\$4,693)	\$9,295	\$4,602	(\$4,693)
BANK CHARGES	\$3,703	\$4,834	\$4,375	(\$459)	\$9,659	\$7,500	(\$2,159)
INVESTMENT FEES	\$49	\$0	\$0	\$0	\$0	\$0	\$0
DIRECTOR/OFFICER LIABILITY INS	\$2,600	\$2,524	\$2,524	\$0	\$4,327	\$4,327	\$0
LIABILITY AND PROPERTY INSURANCE	\$2,354	\$2,264	\$2,266	\$2	\$3,885	\$3,885	\$0
TOTAL OTHER EXPENSES	\$45,250	\$28,315	\$34,374	\$6,060	\$62,492	\$55,640	(\$6,852)
IN KIND EXPENSE - RENT	\$9,534	\$7,770	\$9,534	\$1,764	\$13,320	\$16,344	\$3,024
<b>TOTAL EXPENSES</b>	<b>\$556,905</b>	<b>\$530,437</b>	<b>\$576,381</b>	<b>\$45,944</b>	<b>\$982,599</b>	<b>\$981,423</b>	<b>(\$1,176)</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$44,758</b>	<b>\$156,806</b>	<b>(\$66,600)</b>	<b>\$223,406</b>	<b>\$79,001</b>	<b>(\$10,000)</b>	<b>\$89,001</b>

# Cabrillo College FOUNDATION

## MEMORANDUM

### OFFICERS

#### PRESIDENT

Leola Lapidés

#### VICE PRESIDENT

William Ow

#### SECRETARY

Owen Brown

#### CHIEF FINANCIAL OFFICER

Alan Aman

#### PAST PRESIDENT

Stephen Snodgrass

#### COMMUNITY REPRESENTATIVES

Claire Biancalana

Carrie Birkhofer

Linda Burroughs

Ceil Cirillo

Linda Downing

Lee Duffus

David Heald

Charles Montoya

Kelly Nesheim

Amy Newell

June Padilla Ponce

Patty Quillin

Maria Esther Rodriguez

Gun Ruder

Kate Terrell

#### COLLEGE TRUSTEE REPRESENTATIVES

Gary Reece

Rachael Spencer

Donna Ziel

#### COLLEGE STAFF REPRESENTATIVES

Matthew E. Wetstein

President

Sue Gochis

VP Student Services

Victoria Lewis

VP Administrative Services

Kathleen Welch

VP Instruction

Enrique Buelna

Faculty Representative

#### EXECUTIVE DIRECTOR

Eileen Hill

DATE: March 21, 2018

TO: Finance Committee

FROM: Eileen Hill

SUBJECT: Error in settlement of Rancon Equity Asset Pool, LLC promissory note

#### Background:

As a part of the distribution of the Dale O'Rourke bequest, Cabrillo College Foundation received interest in Rancon Equity Asset Pool, LLC Series A, which is a seven-year 15% guaranteed promissory note tied to real estate in the inland empire area of Southern California. Due to the recession, the note was not paid off when due.

January 16, 2017, the Cabrillo College Foundation received an offer to receive 125% or \$31,250 payable in a cash installment of \$20,325.20 and a modified note to pay the balance of \$10,924.80 in five years at 6% interest from January 1, 2017. Rather than keep the note until the principal and interest could be repaid, the Cabrillo College Foundation accepted the offer. On February 15, 2017 received \$20,325.20 in cash and a signed modified note for \$10,924.80.

March 6, 2018, we were notified by Rancon Equity that there was an error in their calculations. The Cabrillo College Foundation should have only been allocated a quarter of the \$25,000 note (\$6,250) and therefore should have received 125% of \$6,250 or \$7,812.50. They are requesting that we return the difference \$12,512.70.

We learned from Susan Farrar of the Community Foundation Santa Cruz County that they received an offer last month to settle their \$6,250 note plus 135% interest for a total of \$8,437.50. They are considering declining the offer and keeping the note until the principal and interest can be repaid.

#### Options and 2017-18 Budget Impact:

##### 1. Accept 2017 offer of 125% of \$6,250 for \$7,812.50

Repay the \$12,512.70 and keep \$7,812.50.

Write off the \$10,924.80 note and \$2,621.95 accrued interest

Budget Impact: \$26,059.45 reduction in operating surplus

##### 2. Rescind original 2017 offer and hold note for \$16,562.50 (plus 15% interest from January 10, 2018)

Repay the full \$20,325.20 and hold out for payment of the original note amount of \$6,250 plus 15% interest from January 10, 2007 until the property sells and the investors are paid.

Write off \$10,924.80 note and \$2,621.95 accrued interest

Book the \$6,250 note and \$10,312.50 accrued interest

Budget Impact: \$17,309.45 reduction in operating surplus

# *Cabrillo College* FOUNDATION

## MEMORANDUM

DATE: March 21, 2018

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: 2018-19 Operating Budget Overview

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### Overview of 2018-19 Operating Budget Compared to 2017-18 Projected Actual

#### Revenue:

- The 2018-19 operating revenue of \$1,010,184 is projected to be \$51,416 less than the 2017-18 projected actual operating revenue of \$1,061,600.
- The Endowment Management Fee is projected to be \$20,659 higher than 2017-18 primarily due to a \$1.5M increase in endowed contributions.
- Annual Fund telephone outreach campaign will be restructured as it is becoming more difficult to reach people by phone. The 2018-19 Annual Fund Campaign will be reduced to 2 months and focused on our on-going donors. We will begin transitioning to an email campaign. Income is projected to be \$45,000 less.

#### Expenses:

- The 2018-19 operating expenses of \$965,135 are projected to be \$17,464 less than the 2017-18 projected actual operating expense of \$982,599.
- The 2018-19 salary expense of \$488,988 is virtually unchanged compared to 2017-18 projected actual. Annual Fund salaries are reduced by \$25,000. Salary increases for eligible employees were based on the CalPERS compliant Salary Schedule.

#### **Recommended Motion**

Finance and Investments Committee recommends to the Executive Committee the proposed 2018-19 Operating Budget.



Cabrillo College Foundation Budget  
Planning Parameters 18-19 to 20-21  
Updated 3/21/2018

Description	Projected 2018-19	Projected 2019-20	Projected 2020-21
<b>INCOME:</b>			
INTEREST AND DIVIDENDS	Assume \$2,600,000 (year average of operating and nonendowed cash balances @ 1% unless rates change.	Assume \$2,600,000 (year average of operating and nonendowed cash balances @ 1.10% unless rates change.	Assume \$2,600,000 (year average of operating and nonendowed cash balances @ 1.20% unless rates change.
FEE INCOME - PROPOSAL INDIRECT	\$14,346 ACE; \$5,000 other	\$5,000 Other	\$5,000 Other
FEE INCOME - OTHER	CAP 6% and WES 2.2% of total employee costs excluding Clerical; Grove \$10K; Girls in Engineering \$1,250	CAP 6% and WES 2.2% of total employee costs excluding Clerical; Grove \$10K; Girls in Engineering \$1,250	CAP 6% and WES 2.2% of total employee costs excluding Clerical; Grove \$10K; Girls in Engineering \$1,250
FEE INCOME - GIFT FACILITATION	Average of the 5% gift facilitation fees collected from 7/1/12 through 1/31/18 after deducting for gift facilitation fees on bequests of \$1,000 or more	18-19 Budget plus 10%	19-10 budget plus 10%
OPERATIONAL ENDOWMENT PAYOUT	4% of daily fund balance for previous 12 Trailing Quarters, no increase in fund balance from gifts (GL #8801, #8859, #8322 & 8896)	4% of daily fund balance for previous 12 Trailing Quarters, no increase in fund balance from gifts (GL #8801, #8859, #8322 & 8896)	4% of daily fund balance for previous 12 Trailing Quarters, no increase in fund balance from gifts (GL #8801, #8859, #8322 & 8896)
ENDOWMENT MANAGEMENT FEE	2017-18 Projected actual plus the average 10 year change in endowment fees	2018-19 Projected actual plus the average 10 year change in endowment fees	2018-19 Projected actual plus the average 10 year change in endowment fees
ANNUAL FUND	\$50,000	\$0	\$0
PRESIDENT'S CIRCLE GIFTS	Previous year total plus \$3,000	Previous year total plus \$3,000	Previous year total plus \$3,000
UNRESTRICTED GIFTS	5 year average of unrestricted donations minus bequests over \$10K	5 year average of unrestricted donations minus bequests over \$10K	5 year average of unrestricted donations minus bequests over \$10K
IN KIND REVENUE	\$13,320 Rent provided by Cabrillo College	\$13,320 Rent provided by Cabrillo College	\$13,320 Rent provided by Cabrillo College

Cabrillo College Foundation Budget  
Planning Parameters 18-19 to 20-21  
Updated 3/21/2018

Description	Projected 2018-19	Projected 2019-20	Projected 2020-21
<b>EXPENSES</b>			
EXECUTIVE DIRECTOR 1.0 FTE	Increase 4.6% on July 1st	Increase 4.6% on July 1st	Increase 4.6% on July 1st
ACCOUNTING & HUMAN RESOURCES MANAGER 1.0 FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 0%
DEVELOPMENT OFFICER 1.0 FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 5% on July 1st
OPERATIONS & COMMUNICATIONS DIRECTOR 1.0 FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 5% on July 1st
EVENTS COORDINATOR/EXECUTIVE ASSISTANT .49FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 0%
ACCOUNTING & HUMAN RESOURCES SPECIALIST II.49 FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 5% on July 1st
FOUNDATION ASSISTANT .49 FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 5% on July 1st
ACCOUNTING ASSISTANT II .49 FTE	Increase 5% on July 1st	Increase 5% on July 1st	Increase 5% on July 1st
ANNUAL FUND COORDINATOR	\$4,000	\$0	\$0
ANNUAL FUND CALLERS	\$12,000	\$0	\$0
CLERICAL ASSISTANTS	\$3,000	\$3,000	\$3,000
PAYROLL TAXES	Same percentage rates as 17-18 and including Social Security @ 6.2%	Same percentage rates as 18-19 and including Social Security @ 6.2%	Same percentage rates as 19-20 and including Social Security @ 6.2%
HEALTH BENEFITS-EXECUTIVE DIRECTOR	17-18 Rates plus 2%. Reflects cost sharing.	18-19 Rates plus 2%. Reflects cost sharing.	19-20 Rates plus 2%. Reflects cost sharing.
HEALTH BENEFITS-ACCOUNTING & HUMAN RESOURCES MANAGER	17-18 Rates plus 2%. Reflects cost sharing.	18-19 Rates plus 2%. Reflects cost sharing.	19-20 Rates plus 2%. Reflects cost sharing.
HEALTH BENEFITS-DEVELOPMENT OFFICER	17-18 Rates plus 2%. Reflects cost sharing.	18-19 Rates plus 2%. Reflects cost sharing.	19-20 Rates plus 2%. Reflects cost sharing.
HEALTH BENEFITS-OPERATIONS & MARKETING DIRECTOR	17-18 Rates plus 2%. Reflects cost sharing.	18-19 Rates plus 2%. Reflects cost sharing.	19-20 Rates plus 2%. Reflects cost sharing.
HEALTH BENEFITS-RETIREE	17-18 Rates plus 2%. Reflects cost sharing.	18-19 Rates plus 2%. Reflects cost sharing.	19-20 Rates plus 2%. Reflects cost sharing.
WORKERS COMP	Based on 2017-18 Budget + 1%	Based on 2018-19 Budget + 1%	Based on 2019-20 Budget + 1%
LIFE AND DISABILITY INSURANCE	Based on 2017-18 Budget + 1%	Based on 2018-19 Budget + 1%	Based on 2019-20 Budget + 1%

Cabrillo College Foundation Budget  
Planning Parameters 18-19 to 20-21  
Updated 3/21/2018

Description	Projected 2018-19	Projected 2019-20	Projected 2020-21
TRAINING/CONFERENCES	Assume \$6,000; staff to attend CASE, \$2,000 other conferences and staff training	Assume \$6,000; staff to attend CASE, \$2,000 other conferences and staff training	Assume \$6,000; staff to attend CASE, \$2,000 other conferences and staff training
PAYROLL PROCESS FEES	Based on 2017-18 Budget less 25% for fewer employees	Based on 2018-19 Budget plus 1%	Based on 2019-20 plus 1%
RETIREMENT PLAN	Based on 6/30/16 Actuarial: 8.92% for EJH/NAM/GW and 6.842% for KS/CB plus \$16,997 (projected unfunded liability) + \$6,310 side fund pay off. First payment on side fund was 7/1/12 and final payment on side fund pay off is 6/30/21.	Based on 6/30/16 Actuarial: 9.3% for EJH/NAM/GW and 6.8% for KS/CB plus \$22,300 (projected unfunded liability) + \$6,310 side fund pay off. First payment on side fund was 7/1/12 and final payment on side fund pay off is 6/30/21.	Based on 6/30/16 Actuarial: 10.2% for EJH/NAM/GW and 7.1% for KS/CB plus \$27,400 (projected unfunded liability) + \$6,310 side fund pay off. First payment on side fund was 7/1/12 and final payment on side fund pay off is 6/30/21.
RETIREE MEDICAL BENEFITS - FUTURE	\$4,400 per 15-16 actuarial. New actuarial will be prepared in June 2019.	\$15,000 estimated with new actuarial completed in June 2019. (\$10,000 is 50% of average amount of previous adjustments)	\$5,000 (19-20 \$15,000 - \$10,000 adjustment) Next actuarial is June 2022.
ADVERTISING	\$1,000 per year	\$1,000 per year	\$1,000 per year
PRINTING	Based on 2017-18 projected actual plus \$2,562.	Based on 18-19 Projected actual plus \$2,562	Based on 19-20 Projected actual plus \$2,562
PHOTOS	Based on 2017-18 Budget + \$400	Based on 2018-19 Budget + \$400	Based on 2019-20 Budget + \$400
CONSULTANTS	Graphic Artist \$2,000; Web Designer \$0; Proposal Writer \$7,000; Form 5500 \$600; Form 990 \$600; Accounting \$4,000 Audit, \$12,930, Legal \$8,000, CalPERS actuarial \$1,500; Retiree Benefits actuarial \$2,500	Graphic Artist \$2,200; Web Designer \$0; Proposal Writer \$7,500; Form 5500 \$700; Form 990 \$700; Accounting \$4,225 Audit, \$13,420, Legal \$8,500 CalPERS actuarial \$1,600; Retiree Benefits actuarial \$0	Graphic Artist \$2,400; Web Designer \$0; Proposal Writer \$8,000; Form 5500 \$800; Form 990 \$800; Accounting \$4,450 Audit, \$13,558, Legal \$9,000, CalPERS actuarial \$1,700; Retiree Benefits actuarial \$0
FUNDRAISING/EVENTS/PUBLIC RELATIONS	17-18 Budget plus 5%. Does not include postage or printing for invitations to events. President's endowment supplements \$2,000 for Pres. Holiday Party	18-19 Budget plus 5%. Does not include postage or printing for invitations to events. President's endowment supplements \$2,000 for Pres. Holiday Party	19-20 Budget plus 5%. Does not include postage or printing for invitations to events. President's endowment supplements \$2,000 for Pres. Holiday Party
OFFICE EQUIPMENT	Based on 2017-18 Budget plus \$80	Based on 2018/19 Budget plus \$80	Based on 2019/20 Budget plus \$80

Cabrillo College Foundation Budget  
Planning Parameters 18-19 to 20-21  
Updated 3/21/2018

Description	Projected 2018-19	Projected 2019-20	Projected 2020-21
DEPRECIATION EXPENSE	Actual \$1,210.92 (12 mos.)	Actual \$1,210.92 (12 mos.)	Actual \$1,210.92 (12 mos.)
SOFTWARE MAINTENANCE	Based on 2017-18 Projected Actual + \$750	Based on 2018-19 Budget + \$750	Based on 2019-20 Budget + \$750
BOOKS/PUBLICATIONS/MEMBERSHIPS	Based on 2017-18 Budget + 5%	Based on 2018-19 Budget + 5%	Based on 2019-20 Budget + 5%
OFFICE SUPPLIES	Based on 2017-18 Budget + 5%	Based on 2018-19 Budget + 5%	Based on 2019-20 Budget + 5%
POSTAGE & MAILING SERVICE	Based on 2017-18 Budget + \$100	Based on 2018-19 Budget + \$100	Based on 2019-20 Budget + \$100
BOARD EXPENSES	Based on 2017-18 Budget + 5%	Based on 2018-19 Budget + 5%	Based on 2019-20 Budget + 5%
MISCELLANEOUS	Based on 2017-18 Budget plus \$50	Based on 2018-19 Budget plus \$50	Based on 2019-20 Budget plus \$50
UNCOLLECTIBLE PLEDGES	35% of Annual Fund Income projection	\$0	\$0
MILEAGE & PARKING	Based on 2017-18 Budget plus \$50	Based on 2018-19 Budget plus \$50	Based on 2019-20 Budget plus \$50
INTERNET SERVICE	\$110 for 12 months	\$120 for 12 months	\$130 for 12 months
IT HOSTING SERVICE	Based on 2017-18 Actual (fixed amount through 2019-20)	Based on 2018-19 Actual (fixed amount through 2019-20)	Based on 2019-20 + 15%
BANK CHARGES	Based on 2017-18 Projected Actual plus \$500. Trending towards higher fees because of more online donations	Based on 2018-19 Budget plus \$500	Based on 2019-20 Budget plus \$500
DIRECTOR/OFFICER LIABILITY INS	Based on 2017-18 Actual + 4%	Based on 2018-19 Budget + 4%	Based on 2019-20 Budget + 4%
LIABILITY AND PROPERTY INSURANCE	Based on 2017-18 Actual + 4%	Based on 2018-19 Budget + 4%	Based on 2019-20 Budget + 4%
IN KIND EXPENSE	\$13,320 Rent provided by Cabrillo College	\$13,320 Rent provided by Cabrillo College	\$13,320 Rent provided by Cabrillo College
<b>Projected Surplus/Deficit before use of Reserves</b>	<b>\$45,019</b>	<b>\$2,369</b>	<b>\$6,529</b>

Cabrillo College Foundation  
Draft 2018-19 to 2020-21 Budget 3/21/2018

	A	K	L	M	N	O	P
1		16-17 Actual	17-18 Budget Board Approved May 9, 2017	17-18 7 Mos. Actual and 5 Mos. Projected	18-19 Projected	19-20 Projected	20-21 Projected
2	REVENUE						
3	INTEREST AND DIVIDENDS	\$17,755	\$23,400	\$23,400	\$26,000	\$28,600	\$31,200
4	FEE INCOME - PROPOSAL INDIRECT	\$30,984	\$16,000	\$33,980	\$19,346	\$5,000	\$5,000
5	FEE INCOME - OTHER	\$62,164	\$64,268	\$65,518	\$69,176	\$73,127	\$74,922
6	FEE INCOME-GIFT FACILITATION	\$22,395	\$38,833	\$61,582	\$26,005	\$28,606	\$31,466
7	OPERATIONAL ENDOWMENTS PAYOUT	\$14,030	\$14,232	\$14,057	\$15,565	\$16,898	\$18,231
8	ENDOWMENT MANAGEMENT FEE	\$369,364	\$363,879	\$384,879	\$405,358	\$429,978	\$451,884
9	ANNUAL FUND	\$104,637	\$95,000	\$95,000	\$50,000	\$0	\$0
10	PRESIDENT'S CIRCLE GIFTS	\$341,770	\$321,000	\$360,000	\$363,000	\$366,000	\$369,000
11	UNRESTRICTED GIFTS	\$55,455	\$18,467	\$9,864	\$22,414	\$19,388	\$21,864
12	IN KIND REVENUE	\$13,320	\$16,344	\$13,320	\$13,320	\$13,320	\$13,320
13	TOTAL REVENUE	\$1,031,874	\$971,423	\$1,061,600	\$1,010,184	\$980,917	\$1,016,887
14							
15	EXPENSES						
29	TOTAL SALARIES	\$465,314	\$493,459	\$488,459	\$488,988	\$495,898	\$514,450
43	TOTAL PAYROLL TAXES AND BENEFITS	\$252,913	\$237,965	\$243,212	\$246,671	\$271,975	\$275,195
44	ADVERTISING	\$787	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
45	PRINTING	\$18,199	\$19,100	\$21,000	\$21,420	\$21,849	\$22,284
46	PHOTOS	\$2,403	\$3,400	\$3,400	\$3,800	\$4,200	\$4,600
47	CONSULTANTS	\$35,399	\$71,950	\$61,950	\$50,043	\$42,532	\$44,779
48	FOOD	\$372	\$300	\$300	\$0	\$0	\$0
49	FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$46,197	\$50,026	\$53,305	\$57,120	\$59,981	\$62,985
50	OFFICE EQUIPMENT	\$732	\$1,180	\$3,500	\$1,260	\$1,340	\$1,420
51	DEPRECIATION EXPENSE	\$0	\$0	\$808	\$1,211	\$1,211	\$1,211
52	SOFTWARE MAINTENANCE	\$10,236	\$10,986	\$10,953	\$11,736	\$12,486	\$13,236
53	BOOKS/PUBLICATIONS/MEMBERSHIPS	\$2,225	\$1,501	\$328	\$1,577	\$1,656	\$1,739
54	OFFICE SUPPLIES	\$8,107	\$6,379	\$6,379	\$6,679	\$7,013	\$7,364

Cabrillo College Foundation  
Draft 2018-19 to 2020-21 Budget 3/21/2018

	A	K	L	M	N	O	P
1		16-17 Actual	17-18 Budget Board Approved May 9, 2017	17-18 7 Mos. Actual and 5 Mos. Projected	18-19 Projected	19-20 Projected	20-21 Projected
55	POSTAGE & MAILING SERVICE	\$8,910	\$10,023	\$10,023	\$10,123	\$10,223	\$10,323
56	BOARD EXPENSES	\$1,271	\$2,170	\$2,170	\$2,279	\$2,392	\$2,512
57	MISCELLANEOUS	\$581	\$450	\$450	\$500	\$550	\$600
58	UNCOLLECTIBLE PLEDGES - 35%	\$42,937	\$33,250	\$33,250	\$17,500	\$0	\$0
59	MILEAGE & PARKING	\$227	\$545	\$545	\$595	\$645	\$695
60	INTERNET SERVICE	\$1,052	\$1,081	\$1,081	\$1,320	\$1,440	\$1,560
61	IT HOSTING SERVICE	\$4,002	\$4,602	\$9,295	\$9,295	\$9,295	\$10,689
62	BANK CHARGES	\$8,428	\$7,500	\$9,659	\$10,159	\$10,659	\$11,159
63	INVESTMENT MANAGEMENT FEES	\$49	\$0	\$0	\$0	\$0	\$0
64	DIRECTOR/OFFICER LIABILITY INS	\$4,413	\$4,327	\$4,327	\$4,500	\$4,680	\$4,867
65	LIABILITY AND PROPERTY INSURANCE	\$4,651	\$3,885	\$3,885	\$4,040	\$4,202	\$4,370
66	IN KIND EXPENSE	\$13,320	\$16,344	\$13,320	\$13,320	\$13,320	\$13,320
67	TOTAL EXPENSES	\$932,725	\$981,423	\$982,599	\$965,135	\$978,548	\$1,010,358
68	SURPLUS/DEFICIT	\$99,149	-\$10,000	\$79,001	\$45,049	\$2,369	\$6,529
93							
94	2017-18 Projected Surplus/Deficit before Rancon Option 1:			\$79,001.00			
95	Repay \$12,512.70			-\$12,512.70			
96	Write off note receivable and accrued interest			-\$13,546.75			
97	Projected Surplus/Deficit			\$52,941.55			
98							
99	2017-18 Projected Surplus/Deficit before Rancon Option 2:			\$79,001.00			
100	Repay \$20,325.20			-\$20,325.20			
101	Write off 2017-18 note receivable and accrued interest			-\$13,546.75			
102	Book the 2006/17 \$6,250 note and \$10,312.50 accrued interest			\$16,562.50			
103	Projected Surplus/Deficit			\$61,691.55			

# Cabrillo College FOUNDATION

## OFFICERS

**PRESIDENT**  
Leola Lapides

**VICE PRESIDENT**  
William Ow

**SECRETARY**  
Owen Brown

**CHIEF FINANCIAL  
OFFICER**  
Alan Aman

**PAST PRESIDENT**  
Stephen Snodgrass

## COMMUNITY REPRESENTATIVES

Claire Biancalana  
Carrie Birkhofer  
Linda Burroughs  
Ceil Cirillo  
Linda Downing  
Lee Duffus  
David Heald  
Charles Montoya  
Kelly Nesheim  
Amy Newell  
June Padilla Ponce  
Patty Quillin  
Maria Esther Rodriguez  
Gun Ruder  
Kate Terrell

## COLLEGE TRUSTEE REPRESENTATIVES

Gary Reece  
Rachael Spencer  
Donna Ziel

## COLLEGE STAFF REPRESENTATIVES

Matthew E. Wetstein  
*President*  
  
Sue Gochis  
*VP Student Services*  
  
Victoria Lewis  
*VP Administrative Services*  
  
Kathleen Welch  
*VP Instruction*  
  
Enrique Buelna  
*Faculty Representative*

**EXECUTIVE DIRECTOR**  
Eileen Hill

## MEMORANDUM

DATE: March 21, 2018  
TO: Finance and Investments Committee  
FROM: Alan Aman  
SUBJECT: Updated Statement of Investment Policy

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## BACKGROUND

Brian Sharpes recommended updating the Statement of Investment Policy for:

- Easier understanding and layout
- Investment guidelines for short term and intermediate term nonendowed funds to optimize returns
- Allocation guidelines for Title III and Title V Endowment federal matching funds which require a more conservative and fairly restrictive approach

## RECOMMENDED MOTION

The Finance and Investment Committee recommends the Executive Committee approve the updated Statement of Investment Policy.



## **STATEMENT OF INVESTMENT POLICY**

### **OBJECTIVES & GUIDELINES**

**Board of Directors**  
**To be approved May 8, 2018**



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## **Statement of Investment Policy, Objectives, and Guidelines Cabrillo College Foundation**

### **GENERAL INFORMATION**

#### ***Background Information***

The Cabrillo College Foundation (“Foundation”) was established in 1965. The Foundation is crucial to the continuing development of Cabrillo College and the surrounding community.

#### ***Mission Statement***

The Foundation’s mission is to operate for the advancement of education; to solicit and raise money for scholarship, facilities, equipment, research and education projects; to improve faculty-teaching competence; to provide departmental support; and to otherwise provide aid supplementary to public tax dollars for the support and benefit of Cabrillo College.

#### ***Scope of This Investment Policy***

This statement of investment policy reflects the investment policy, objectives, and constraints of the Cabrillo College Foundation.

#### ***Purpose of This Investment Policy Statement***

This statement of investment policy is set forth by the Board of the Cabrillo College Foundation in order to:

1. Outline the philosophy and policies which will guide the investment of Foundation assets toward desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.
2. Define and assign the responsibilities of all involved parties.
3. Establish the relevant investment horizon for which Foundation assets will be managed.
4. Establish a clear statement of the investment goals and objectives of Foundation assets.
5. Set forth guidelines for managing Foundation assets according to prudent standards as established by the Board in accordance with UPMIFA.
6. Offer guidance and limitations to the Investment Consultant regarding the investment of Foundation assets.
7. Establish a basis for evaluating investment results.



## DUTIES AND RESPONSIBILITIES

Members of the Board of Directors of the Cabrillo College Foundation are fiduciaries, and are responsible for directing and monitoring the investment of Foundation assets. Additionally, they are responsible for establishing policies used to administer the Foundation's investment activities. As such, the Board is authorized to delegate certain responsibilities and may employ or arrange for the services of such other persons, agents, or assistants as, in its opinion, are deemed necessary or desirable for the proper administration of the Foundation's investments, and to pay reasonable compensation for their services and expenses. The Board expects that any such parties associated with the Foundation will discharge their respective responsibilities in accordance with normal fiduciary standard. These parties may include, but are not limited to:

1. Finance and Investment Committee. The Finance and Investment Committee is established pursuant to Article 7b(3) of the Foundation's Bylaws. Subject to the general supervision and ratification of the Board, the Finance and Investment Committee shall exercise control over the funds of the Foundation. Specific responsibilities of the Finance and Investment Committee include:
  - a. Carrying out all current policies set forth in the Foundation's Investment Policy;
  - b. Advising the Board on the selection of an Investment Consultant;
  - c. Overseeing and monitoring the status of the Foundation's assets;
  - d. Advising the Board on spending (SEE APPENDIX A), investment, and cash management policies, including asset allocation and prohibited transactions;
  - e. Setting and evaluating the target total return on investments;
  - f. Working with the designated Investment Consultant to select Investment Managers;
  - g. Making recommendations to the Board on other fiscal policies and procedures;
  - h. Carrying out a performance review of the Investment Consultant every 5 years, or earlier if conditions warrant;
  - i. Carrying out an annual review of the Investment Policy Statement.
2. Investment Consultant. The Investment Consultant may assist the Finance and Investment Committee in: establishing investment policy, objectives, and guidelines; selecting Investment Managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. Investment Manager. Investment Managers are typically hired by the Foundation on the recommendation of the Investment Consultant to the Finance and Investment Committee. Investment Managers have discretion to purchase, sell, or hold the specific securities that will be used to meet the Foundation's investment objectives.
4. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Foundation, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Foundation accounts.

5. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Finance and Investment Committee to assist the Board in meeting its responsibilities and obligations to administer Foundation assets prudently.

## **GENERAL INVESTMENT PRINCIPLES**

1. Investments shall be made solely in the interest of the Foundation.
2. The Foundation shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a Foundation of like character and with like aims.
3. Pursuant to UPMIFA, the Foundation will consider the following factors, if relevant, in managing and investing each donor fund, except as otherwise provided by a fund agreement:
  - a. The purposes of the Foundation;
  - b. The purposes of the donor fund;
  - c. General economic conditions;
  - d. The possible effect(s) of inflation or deflation;
  - e. The expected tax consequences, if any, of investment decisions or strategies;
  - f. The role that each investment plays within the overall investment portfolio;
  - g. The expected total return;
  - h. Other resources of the Foundation;
  - i. The needs of the Foundation and the donor fund to make distributions and to preserve capital; and an asset's special relationship or value, if any, to the purposes of the Foundation or donor fund.
4. Cash is to be employed productively at all times by investment in short-term cash equivalents to provide safety, liquidity, and return. As soon as it is practical, the Cabrillo College Foundation will invest in institutions within the FDIC insured limits.

### ***Definition of Risk***

The Finance and Investment Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Cabrillo College Foundation assets understands how it defines risk so that the assets are managed in a manner consistent with the Foundation's objectives and investment strategy as designed in this statement of investment policy. The Finance and Investment Committee defines risk as:

The probability of not meeting the Foundation's objectives.



### ***Liquidity***

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Finance and Investment Committee will periodically provide the Investment Consultant with an estimate of expected net cash flow. The Finance and Investment Committee will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

To maintain the ability to deal with unplanned cash requirements that might arise, the Finance and Investment Committee requires that a minimum of 2% of Foundation assets shall be maintained in cash or cash equivalents, including money market Funds or short-term U.S. Treasury bills.

### ***Allowable Investments***

1. Cash Equivalents
  - Treasury Bills
  - Money Market Funds
  - Short Term Investment Funds
  - Commercial Paper
  - Banker's Acceptances
  - Repurchase Agreements
  - Certificates of Deposit
2. Fixed Income Securities
  - U.S. Government and Agency Securities
  - Corporate Notes and Bonds
  - Mortgage Backed Bonds
  - Preferred Stock
  - Fixed Income Securities of Foreign Governments and Corporations
  - Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs
3. Equity Securities
  - U.S. Common Stocks
  - Convertible Notes and Bonds
  - Convertible Preferred Stocks
  - American Depositary Receipts (ADRs) of Non-U.S. Companies
  - International Common Stocks including Developed & Emerging Markets
  - REITS
4. Mutual Funds
  - Mutual Funds which invest in securities as allowed in this statement.

## 5. Alternative Investments

- Definition

While there is no uniform definition of the term “alternative investments,” for the purpose of this policy, the Foundation defines alternative investments as strategies that seek to provide attractive returns and diversification through the ownership of non-traditional assets (those other than public equities, fixed income, or cash), or through the use of innovative and flexible strategies (such as the ability to short, add leverage and/or hedge). Examples could include, but are not limited to private equity, private real estate, other private investments focusing on real assets, commodities, hedge funds, and derivatives-based strategies. These strategies may be structured as illiquid, partially liquid, or fully marketable investments.

- Liquidity

The Foundation recognizes that certain alternative investments entail a greater degree of illiquidity, such as private equity, real estate, infrastructure, private partnership vehicles, etc. As a long-term investor, the Foundation has the ability to bear some degree of illiquid investments, but consideration should be given to the size that such allocations may comprise in times of market stress to ensure that the overall allocation to such categories does not exceed the intent of policy and negatively impact the Foundation’s ability to meet ongoing cash flow needs. As such, the allocation to investment strategies or vehicles with less than daily liquidity shall be limited to 25% of the overall allocation to alternative investments.

- Transparency

The Foundation shall only invest in alternative investments which provide sufficient transparency into the investment decision-making process and any expenses, and regularly report position-level portfolio holdings.

- Leverage

Leverage is a condition where the net potential monetary exposure of an obligation exceeds the value of the underlying assets. Leverage is not permitted at the total portfolio level. Underlying investment managers may use leverage so long as it is used in a manner consistent with the discipline for which the Foundation hired the investment manager and does not introduce material leverage at the total portfolio level. Use of leverage will be controlled by the investment manager’s guidelines and will be subject to review by the Investment Consultant and Investment Committee.

- Derivatives and Derivative Securities

Certain of the Foundation’s managers may be permitted under the terms of their specific investment guidelines to use derivative instruments. Derivatives are contracts or securities whose market value is related to the value of another security, index, or financial instrument. Investments in derivatives include (but are not limited to) futures, forwards, options, options on futures, warrants, and interest-only and principal-only strips. Examples of appropriate applications of derivative strategies include hedging market, interest rate, or currency risk, maintaining exposure to a desired asset class while making asset allocation changes, gaining exposure to an asset class when it is more cost-effective than the cash markets, and adjusting

duration within a fixed income portfolio. No derivative positions can be established that have the effect of creating portfolio characteristics outside of portfolio guidelines. Investment managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions. Each manager using derivatives shall (1) exhibit expertise and experience in utilizing such products; (2) demonstrate that such usage is strategically integral to their security selection, risk management, or investment processes; and (3) demonstrate acceptable internal controls regarding these investments.

### ***Prohibited Investments***

Prohibited investments include, but are not limited to the following:

1. Private Placements
2. Venture-Capital Investments
3. Derivative Investments (except as described above)
4. Non traded REITs

### ***Prohibited Transactions***

Prohibited transactions include, but are not limited to the following:

1. Short Selling (except within alternative investments)
2. Margin Transactions

### ***Volatility of Returns***

The Foundation acknowledges that it will experience volatility of returns and fluctuations in the market value of its assets. While the Foundation's primary concern is the achievement of its investment objectives, it is the policy of the Foundation that its Investment Consultant(s) and Investment Managers minimize the probability of losses greater than 15.0% over any one year period.

### ***Diversification for Investment Managers***

The Finance and Investment Committee does not believe it is necessary or desirable that securities held in the Foundation represent a cross-section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total Foundation assets, and no more than 20% of the total Foundation assets should be invested in any one industry.



## **INVESTMENT CONSULTANT REVIEW**

Every five years, or earlier if conditions warrant, the Finance and Investment Committee will determine if they want to entertain having other Investment Consultants submit proposals to manage the Cabrillo College Foundation investments.

## **INVESTMENT POLICY REVIEW**

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Finance and Investment Committee plans to review the Statement of Investment Policy at least annually.

**The original Statement of Investment Policy was adopted on March 10, 1999 by the Finance and Investment Committee of the Cabrillo College Foundation.**





## **APPENDIX A - SPENDING POLICY AND INVESTMENT OBJECTIVES FOR ENDOWED FUNDS**

### **SPENDING POLICY**

The Endowment's spending policy requires a target total return of 7.0%. The target distribution rate of 4.0% will be calculated over a trailing 12-quarter period for endowment funds with a current market value that is greater than or equal to 80% of the historical gift balance. *The Spending Policy is 7.0% = 4.0% distribution rate + 1.5% inflation factor + 1.5% management fee.*

### **INVESTMENT OBJECTIVES**

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, Investment Consultants should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Finance and Investment Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Foundation's objectives. However, the Investment Consultants are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment Managers are expected to adhere to the investment management styles for which they were hired. Investment Managers will be evaluated regularly for adherence to investment discipline.
4. In order to meet its needs, the investment strategy of the Cabrillo College Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

## APPENDIX B - SHORT-TERM PORTFOLIO

### INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

#### Time Horizon

The Short-Term Portfolio is intended for non-endowed donor funds with short-term (0-1 year) spending plans.

#### Investment Objective

The objectives of the Short-Term Portfolio are capital preservation and liquidity. The portfolio will be invested in cash or cash equivalents, including money market funds.

#### Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
Cash & Cash Equivalents	100	100



## APPENDIX C - INTERMEDIATE PORTFOLIO

### INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

#### Time Horizon

The Intermediate Portfolio is intended for non-endowed donor funds with intermediate-term (1-5 years) spending plans.

#### Investment Objective

The objective of the Intermediate Portfolio is preservation of purchasing power. The portfolio may hold cash, but will primarily be invested in a combination of U.S. Government and Corporate bonds with a maximum average duration of four years, and no single security maturity greater than 10 years.

#### Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
Fixed Income	50	100
Cash & Cash Equivalents	0	50



## APPENDIX D - LONG-TERM PORTFOLIO

### INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

#### Time Horizon

The Long-Term Portfolio is intended for endowed funds and donor funds with long-term (5+ years) spending plans. Endowed funds must either be invested in the Long-Term Portfolio or the ESG Long-Term Portfolio (See Appendix E).

#### Investment Objective

The objective of the Long-Term Portfolio is to exceed a total rate of return of 7.0%, net of fees, while making reasonable efforts to minimize volatility and risk.

#### Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U. S. Equities	25	65
International Equities	15	35
Fixed Income	15	40
Alternatives	0	15
Cash & Cash Equivalents	0	5

## APPENDIX E - ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”) LONG-TERM PORTFOLIO

### INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

#### Time Horizon

The ESG Long-Term Portfolio is intended for endowed funds and endowed donor funds with long-term (5+ years) spending plans. Endowed funds must either be invested in the ESG Long-Term Portfolio or the Long-Term Portfolio (See Appendix D).

#### Investment Objective

The objective of the ESG Long-Term Portfolio is to exceed a total rate of return of 7.0%, net of fees, while making reasonable efforts to minimize volatility and risk. The Cabrillo College Foundation is sensitive to providing an opportunity to donors wishing to take into consideration Environmental, Social, and Corporate Governance (ESG) issues when making investment decisions.

In accordance with this policy, the Environment, Social, and Governance Portfolio will seek to include those companies that promote environmental, social, and corporate governance concerns and will be screened based on the following:

- *Environmental Screens* – Climate Change, Responsible Disposal of Hazardous Waste, Promotion and Use of Alternative Energy, and Sustainability.
- *Social Screens* – Promotion of Diversity, Human rights, Consumer Protection, and Animal Welfare, in addition to the exclusion of companies producing Alcohol, Nuclear Power, Firearms, Tobacco, Military Weapons, Gambling, and Adult Entertainment.
- *Corporate Governance Screens* – Management Structure, Employee Relations, and Executive Compensation.
- *Exclusionary Screen* – Divestment from ownership of companies that are members of the Global Industry Classification Standard (GICS) sub-industry Coal and Consumable Fuels\* (\*Defined by MSCI and Standard & Poor’s as companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy. Excludes companies primarily producing gases classified in the Industrial Gases sub-industry and companies primarily mining for metallurgical [coking] coal used for steel production.)

### Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U. S. Equities	25	65
International Equities	15	35
Fixed Income	15	40
Alternatives	0	15
Cash & Cash Equivalents	0	5

## APPENDIX F – TITLE III ENDOWMENT PORTFOLIO

### INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

#### Background

The Title III Endowment was established in September 2012 as part of The Foundation's efforts to meet the challenge of matching available federal funds, which are to be used to provide STEM scholarships for low-income and Latino students. At the end of the 20-year grant term, the endowment will revert to the Cabrillo College Foundation Statement of Investment Policy, and the Board may approve returning a portion of the distributable percentage to the principal to be reinvested.

#### Time Horizon

The corpus of Title III Endowment is intended to be held in perpetuity.

#### Investment Objective

The investment objective of the Title III Portfolio is principal preservation and conservative growth.

#### Allowable Investments

Savings accounts or low-risk securities in which a regulated insurance company may invest under California law, including interest bearing accounts, money market funds, certificates of deposit, mutual funds, stocks, or bonds. The endowment may not be invested in real estate.

#### Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U. S. Equities	5	25
International Equities	5	25
Fixed Income	50	80
Alternatives (Mutual Funds)	0	5
Cash & Cash Equivalents	5	15

#### Spending Policy

Spendable income from the endowment shall be calculated annually as a percentage of the growth of the endowment. The maximum allowable percentage of earnings on the endowment that may be expended annually must be in compliance with the Cabrillo College Foundation's Title III investment and spending policy and in compliance with Title III Federal guidelines. Of the allowable amount that may be expended annually, fifty percent (50%) shall be returned to the principal and reinvested, and the remaining fifty percent (50%) shall be distributed for the administrative costs and purposes designated by the donor as follows:

--

- Up to 1.5% Cabrillo College Foundation management fee as funds are available
- Up to 4.0% of 12 trailing quarters as funds are available after assessing the management fee

At the end of the 20-year grant term, the endowment will revert to the Cabrillo College Foundation Statement of Investment Policy. If in the best judgment of the Cabrillo College Foundation Board of Directors it is deemed wise and prudent, a portion of the distributable percentage may be returned to the principal and be reinvested. Endowment funds may be pooled with other invested assets for purposes of determining total annual return.





## APPENDIX G – TITLE V ENDOWMENT PORTFOLIO

### INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

#### Background

The Title V Endowment was established in October 2009 as part of the Foundation's efforts to meet the challenge of matching available federal funds, which are to be used for scholarships for students. At the end of the 20-year grant term, the endowment will revert to the Cabrillo College Foundation Statement of Investment Policy, and the Board may approve returning a portion of the distributable percentage to the principal to be reinvested.

#### Time Horizon

The corpus of Title V Endowment is intended to be held in perpetuity.

#### Investment Objective

The investment objective of the Title V Portfolio is principal preservation and conservative growth.

#### Allowable Investments

Savings accounts or low-risk securities in which a regulated insurance company may invest under California law, including interest bearing accounts, money market funds, certificates of deposit, mutual funds, stocks, or bonds. The endowment may not be invested in real estate.

#### Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U. S. Equities	5	25
International Equities	5	25
Fixed Income	50	80
Alternatives (Mutual Funds)	0	5
Cash & Cash Equivalents	5	15

#### Spending Policy

Spendable income from the endowment shall be calculated annually as a percentage of the growth of the endowment. The maximum allowable percentage of earnings on the endowment that may be expended annually must be in compliance with the Cabrillo College Foundation's Title V investment and spending policy and in compliance with Title V Federal guidelines. Of the allowable amount that may be expended annually, fifty percent (50%) shall be returned to the principal and reinvested, and the remaining fifty percent (50%) shall be distributed for the administrative costs and purposes designated by the donor as follows:



- Up to 1.5% Cabrillo College Foundation management fee as funds are available
- Up to 4.0% of 12 trailing quarters as funds are available after assessing the management fee

At the end of the 20-year grant term, the endowment will revert to the Cabrillo College Foundation Statement of Investment Policy. If in the best judgment of the Cabrillo College Foundation Board of Directors it is deemed wise and prudent, a portion of the distributable percentage may be returned to the principal and be reinvested. Endowment funds may be pooled with other invested assets for purposes of determining total annual return.



# Cabrillo College FOUNDATION

## OFFICERS

### PRESIDENT

Leola Lapidés

### VICE PRESIDENT

William Ow

### SECRETARY

Owen Brown

### CHIEF FINANCIAL OFFICER

Alan Aman

### PAST PRESIDENT

Stephen Snodgrass

## COMMUNITY REPRESENTATIVES

Claire Biancalana

Carrie Birkhofer

Linda Burroughs

Ceil Cirillo

Linda Downing

Lee Duffus

David Heald

Charles Montoya

Kelly Nesheim

Amy Newell

June Padilla Ponce

Patty Quillin

Maria Esther Rodriguez

Gun Ruder

Kate Terrell

## COLLEGE TRUSTEE REPRESENTATIVES

Gary Reece

Rachael Spencer

Donna Ziel

## COLLEGE STAFF REPRESENTATIVES

Matthew E. Wetstein

*President*

Sue Gochis

*VP Student Services*

Victoria Lewis

*VP Administrative Services*

Kathleen Welch

*VP Instruction*

Enrique Buelna

*Faculty Representative*

## EXECUTIVE DIRECTOR

Eileen Hill

## MEMORANDUM

DATE: March 21, 2018

TO: Finance and Investments Committee

FROM: Alan Aman

SUBJECT: Investment Consultant Fiduciary Responsibility Checklist and Timeline

---

### Background

January 18, 2018 Finance Committee members reviewed and approved signing the Morgan Stanley Graystone Consulting contract. The Finance Committee requested a set of checkpoints to fulfill its fiduciary responsibility.

### Investment Consultant Annual Checklist

#### 1. Conflicts are Disclosed

##### March or April annually:

One month before the Finance and Investment Committee meeting, the Investment Consultant completes the Conflict of Interest form and returns to the Cabrillo College Foundation for presentation at the March or April meeting.

Implement: March 29, 2018 Finance and Investments Committee meeting

#### 2. Fee Comparison

##### May or June annually:

Use NACUBO study to compare investment consultant fees.

Implement: June 2018

#### 3. Report Itemized Manager Fees

##### July or August annually:

Investment consultant discloses itemized fees

Implement: July or August, 2018

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FOUNDATION@CABRILLO.EDU • FOUNDATION.CABRILLO.EDU

Conflict of Interest Form  
Graystone Consulting Morgan Stanley Investment Consultant

Please review each of the possible conflicts of interest highlighted in the attached Graystone Consulting Institutional Services Agreement and disclose any conflicts:

1. Page 2: Trading and Execution Services

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2. Page 5: Conflicts of Interest Regarding Sweep Investments

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3. Page 7: Potential Conflicts of Interest (a)

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4. Page 7: Potential Conflicts of Interest (b)

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5. Page 7: Potential Conflicts of Interest (c)

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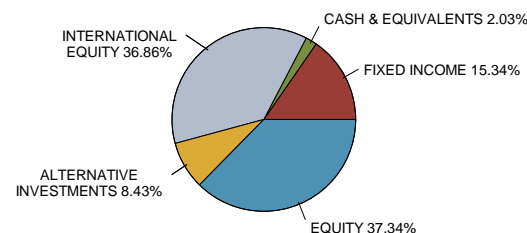
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Brian Sharpes

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(date)

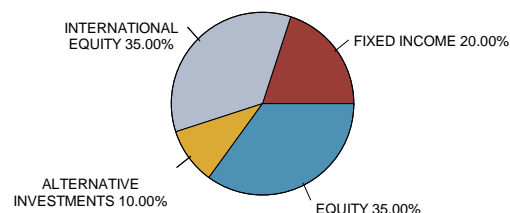
# CABRILLO COLLEGE FOUNDATION - LONG-TERM POOL SUMMARY FOR THE PERIOD 7/1/2017 THROUGH 1/31/2018

## Asset Allocation Analysis

Asset Allocation as of January 31, 2018

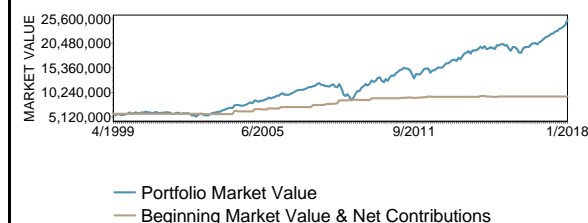


Target Asset Allocation



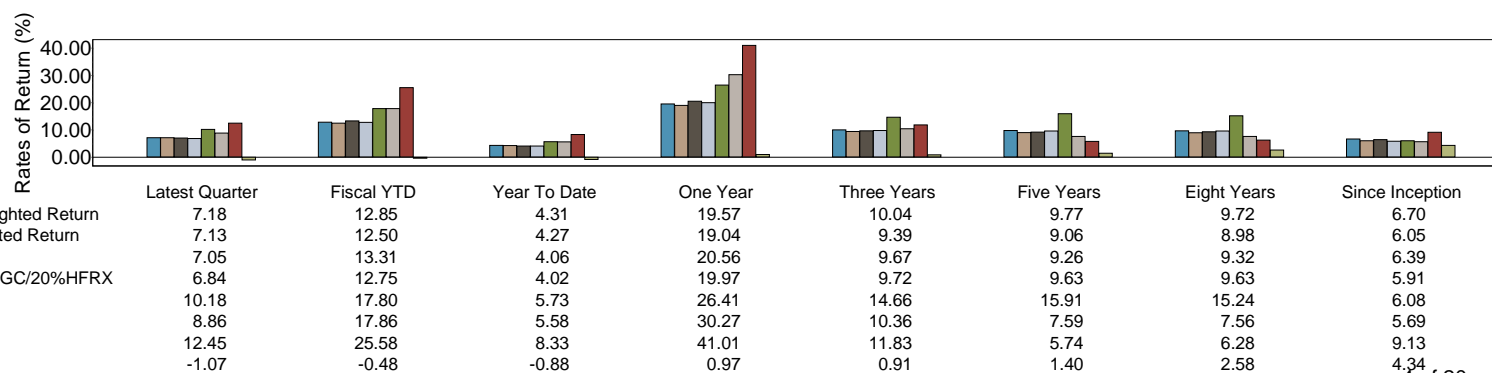
## Portfolio Growth

Source of Portfolio Growth  
April 30, 1999 Through January 31, 2018



	Dollars	
	Latest Quarter	Since Inception
Beginning Value	23,685,255	5,808,118
Net Contribution	9,622	3,573,170
Investment Return	1,690,330	16,003,918
Ending Value	25,385,206	25,385,206

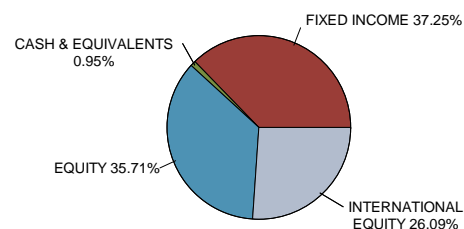
Name	Incept. Date	Current Allocation	Latest Quarter	Portfolio Returns							Comparative Index	Latest Quarter	Fiscal YTDTo Date	Year	One Year	Three Years	Five Years	Eight Years	Since Incep
				Fiscal	Year	One	Three	Five	Eight	Since									
				YTDTo	Date	Year	Years	Years	Years	Incep									
TOTAL FUND																			
Parametric R3000	04/26/99	38.1%	9.49	16.80	5.28	24.76	13.82	15.30	14.96	6.70	Russell 3000	9.55	17.06	5.27	25.16	14.11	15.53	15.18	6.53
Breckinridge Intm Fixed	05/31/06	15.6%	(0.94)	(0.16)	(0.85)	1.30	1.24	1.62	3.27	5.10	Barclays Int Gov/Cr *	(1.07)	(0.48)	(0.88)	0.97	0.91	1.52	2.65	3.93
Brandes Intl	04/30/99	12.3%	10.43	14.22	7.15	19.37	9.31	9.03	7.47	7.08	MSCI ACWI x US Value	9.02	17.26	5.95	26.75	9.38	6.43	6.63	6.22
Hansberger Intl	01/31/05	9.4%	10.36	24.19	6.31	40.09	14.85	10.79	9.74	7.97	MSCI ACWI x US Growth	8.71	18.44	5.22	33.98	11.27	8.69	8.44	7.25
Brandes Global MidCap	12/22/08	0.5%	2.82	4.84	2.36	8.95	12.12	12.73	12.45	18.10	MSCI World Index	9.13	16.74	5.30	26.52	12.47	12.30	11.76	13.08
Accuvest Intl	11/30/11	5.5%	7.99	17.41	6.75	30.05	9.01	6.77	-	7.93	MSCI ACWI x US	8.81	17.69	5.57	29.68	9.85	7.11	7.08	8.93
Intl Small Cap	10/24/16	10.1%	8.45	15.02	4.60	27.97	-	-	-	25.17	SP Developed ExUS SC	9.91	19.14	4.84	34.16	15.27	12.10	11.23	30.05
Liquid Alternatives	04/30/13	8.5%	3.68	5.25	2.06	7.02	3.84	-	-	2.53	HFRX Global Hedge	3.27	5.88	2.45	8.04	2.46	2.22	1.53	1.96
TOTAL FUND	04/30/99	100.0%	7.18	12.85	4.31	19.57	10.04	9.77	9.72	6.70	Composite Benchmark	7.05	13.31	4.06	20.56	9.67	9.26	9.32	6.39



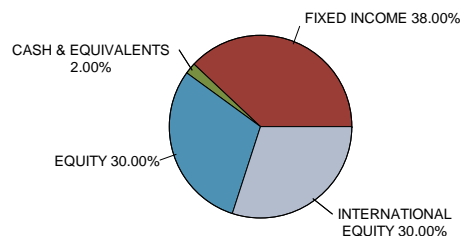
\* Strategy was transitioned from Barclays Intermediate Agg on 11/2014.

### Asset Allocation Analysis

Asset Allocation as of January 31, 2018

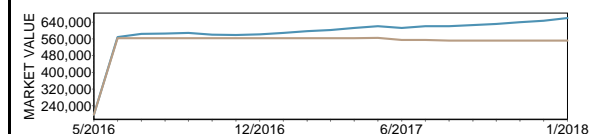


Target Asset Allocation



### Portfolio Growth

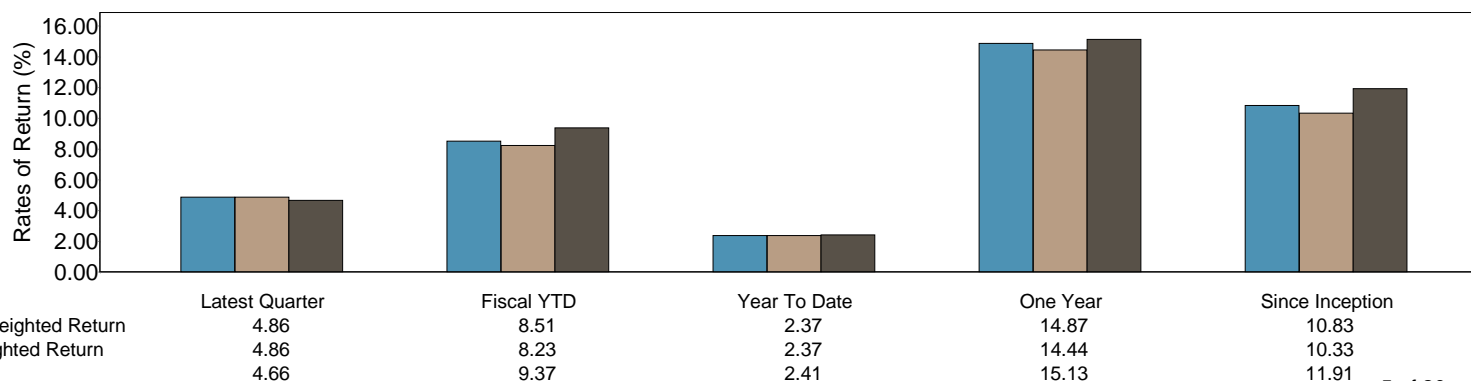
Source of Portfolio Growth  
May 18, 2016 Through January 31, 2018



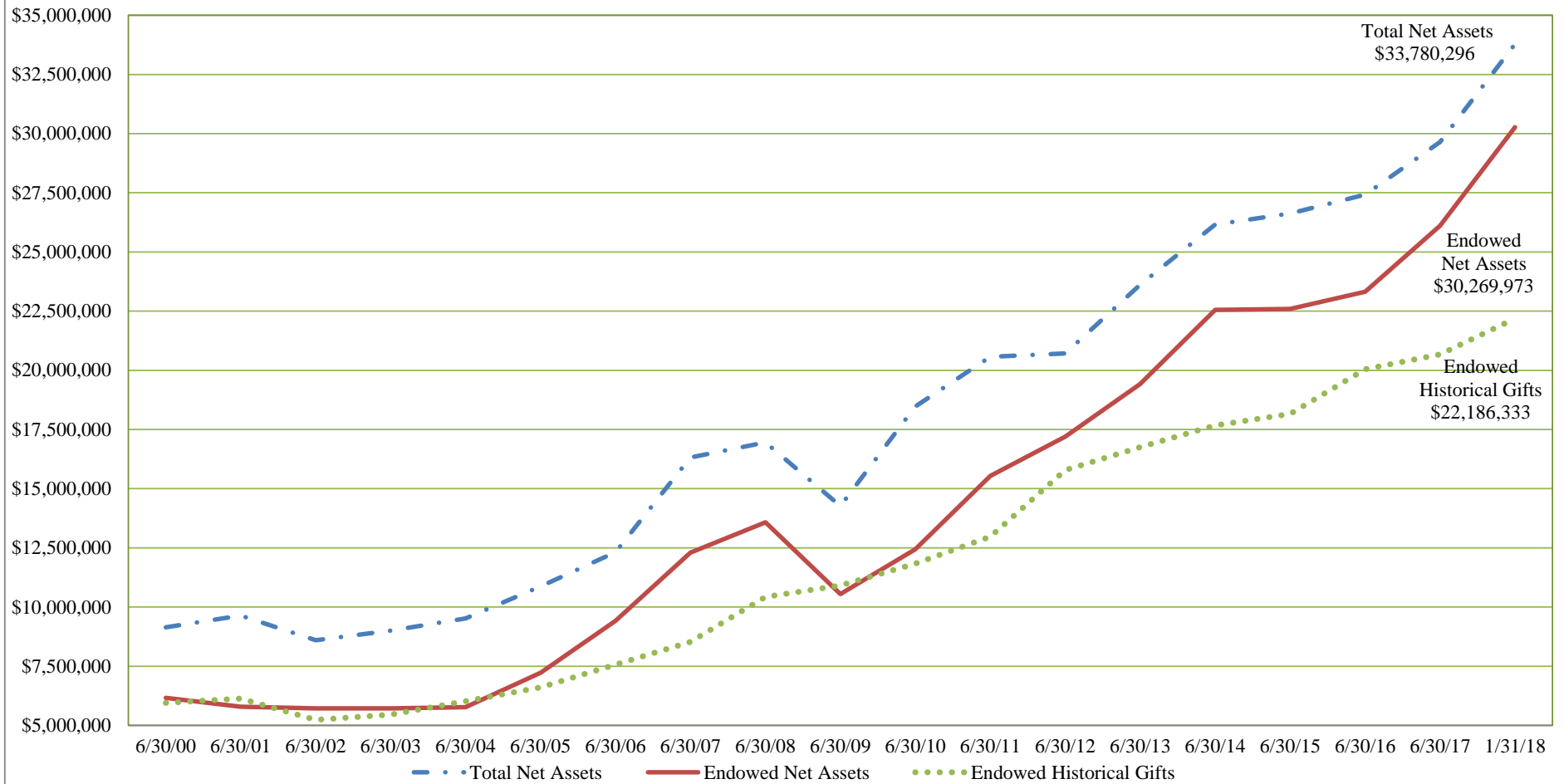
— Portfolio Market Value  
— Beginning Market Value & Net Contributions

	Dollars	
	Latest Quarter	Since Inception
Beginning Value	630,300	198,742
Net Contribution	-342	352,696
Investment Return	30,158	108,678
Ending Value	660,117	660,117

Name	Incept. Date	Current Allocation	Latest Quarter	Portfolio Returns				Comparative Index	Latest Quarter	Fiscal YTD	Year To Date	One Year	Since Inception
				Fiscal YTD	Year To Date	One Year	Since Inception						
TOTAL FUND													
ESG Trillium Lg Cap Core	05/19/16	21.1%	8.18	14.08	4.69	21.85	18.31	S&P 500 Index	10.18	17.80	5.73	26.41	21.97
ESG Breckinridge Intm Fixed	05/19/16	38.1%	(0.78)	(0.06)	(1.57)	1.44	0.64	BB Int Gov/Cr	(1.07)	(0.48)	(0.88)	0.97	0.44
ESG Intl Funds	05/18/16	25.4%	9.77	15.67	5.75	27.72	19.14	MSCI World x-US ESG*	8.22	16.26	4.46	26.14	20.34
ESG Gabelli	01/23/18	15.4%	-	-	-	-	-	S&P 500 Index	10.18	17.80	5.73	26.41	-
TOTAL FUND	05/18/16	100.0%	4.86	8.51	2.37	14.87	10.83	Composite Benchmark	4.66	9.37	2.41	15.13	11.91



**Cabrillo College Foundation**  
**Total Net Assets, Endowed Net Assets, and Endowed Historical Gifts**  
**June 30, 2000 to January 31, 2018**



Total Net Assets highest level was \$33,780,296 as of January 31, 2018

Endowed Net Assets highest level was \$30,269,973 as of January 31, 2018

Endowed Historical Gifts highest level was \$22,186,333 as of January 31, 2018

# Cabrillo College FOUNDATION

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Lee Duffus

David Heald

Charles Montoya

Kelly Nesheim

Amy Newell

June Padilla Ponce

Patty Quillin

Maria Esther Rodriguez

Gun Ruder

Kate Terrell

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President

Sue Gochis

VP Student Services

Victoria Lewis

VP Administrative Services

Kathleen Welch

VP Instruction

Enrique Buelna

Faculty Representative

### EXECUTIVE DIRECTOR

Eileen Hill

## MEMORANDUM

DATE: March 21, 2018

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: Tax Reform

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The recently approved tax reform bill has created discussion among fundraisers about the potential effects of these changes on philanthropic giving. Attached is a statement from the Association of Fundraising Professionals (AFP).

The key points of discussion are:

- 1) It is estimated that doubling of the standard deduction will result in less people itemizing their taxes and therefore having less incentive to make charitable gifts for tax benefit.
- 2) It is important to keep an optimistic tone and focus on the value of the charitable work.
- 3) Gifts of stock/Individual Retirement Accounts (IRA) may become more attractive to some donors.
- 4) Corporations stand to benefit from the bill and thus may be in a better position to collaborate with the right charity.
- 5) Charities that can connect with donors and show their impact have the best chance of success.

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## Tips for Giving After the Tax Bill

With the recently approved tax reform bill significantly affecting charitable giving, the Association of Fundraising Professionals (AFP) offers advice and perspective to both charities and donors as they look at giving in 2017 and beyond.



With the doubling of the standard deduction under the tax bill, the number of Americans who itemize their taxes will drop by 30 million—accounting for \$100 billion in itemized charitable gifts, according to the Congressional Joint Committee on Taxation. Since more Americans will do better on their taxes by taking the increased standard deduction—as opposed to itemizing their deductions—the tax incentive for those taxpayers to make charitable gifts will disappear.

Research shows that this change will result in a decline of giving between \$13 - \$20 billion per year, according to separate research from the Independent Sector and the Lilly Family School of Philanthropy, and the Tax Policy Center.

“People give for many reasons beyond tax incentives, but we do know that tax incentives typically increase the amounts of gifts and encourage people to give more often,” said Mike Geiger. “That’s why we see Congress and the IRS make tax policy changes following natural disasters, like Hurricanes Harvey, Irma, and Maria, to encourage giving. We are very concerned about the impact of the tax bill on giving, especially for the middle class and donors who currently itemize, but won’t have the incentive to in the future. We believe 2018 will see a drop in giving, so we offer the following thoughts about fundraising into the future.”

AFP reminds charities and fundraisers that it’s important to keep an optimistic tone and perspective moving forward. While many charities may focus on the difficult challenges ahead, it’s important that they balance that sense with optimism about how they’re still making a difference and changing the world. Donors need to know about the obstacles charities face, and organizations should be realistic about their situations and the needs of communities. But donors don’t want to be overwhelmed all the time with negative images. People will always want to help, and charities need to inspire them to action more than ever.

With the standard deduction doubled for 2018 and the charitable deduction gone for most taxpayers, charities and fundraisers are likely to see donors:

- Making larger gifts in 2017 to take advantage of the charitable deduction, which may lead to a significant uptick in giving at the end of the year;
- Giving appreciated investments, such as shares of stock. Donors can take a deduction for the full market value (with some limits), while not having to pay capital-gains tax on the appreciations; and

- Exploring how to contribute through their Individual Retirement Accounts (IRAs). Donors age 70½ or older can contribute up to \$100,000 of IRA assets directly to one or more charities and have the gift count toward their annual required distributions from the IRA and removed from their taxable income.

With the tax bill lowering corporate tax rates, charities may find more funding and resources from corporations if they can develop effective partnerships that make sense for both organizations. In addition, wealthier donors will still be able to take advantage of the charitable deduction and be willing to make larger, major gifts.

“Again, most donors give because they want to make a difference, and tax incentives are not WHY they give,” said Geiger. “But taxes and incentives may dictate how they give, and these are options some donors may take to be charitable and be effective with their taxes at the same time.”

Another option is bunching, whereby donors “bunch” future donations together and only give every other year, or every few years, so that their deductions are so high they can take advantage of the charitable deduction and itemize their gifts. AFP is concerned about this giving approach given the yearly needs of most charities.

“Most charities—the people they serve, the missions they support and the ideas they advance—simply can't wait a couple of years to receive a bigger donation,” said Geiger. “I understand the appeal of bunching from a tax perspective, but having to wait for donations for so long will play havoc with a charity's planning and ability to meet unexpected and critical needs. I hope most donors will understand that charities require stable support every year and continue to give annually, and that will be a message that charities need to give to their donors.”

Ultimately, the best strategies are about how effectively charities engage donors and tell their stories of impacts and outcome. No matter the tax code or the economic environment, charities that can connect with donors, show the impact of their programs and inspire donors to get involved will always be successful. Charities should be focusing on how donors can make a difference.

# 2017-18 Cabrillo College Foundation Committee Meetings and Events

Updated 3/19/2018

## BOARD OF DIRECTORS

**Tuesdays, 12:00-2:00 pm**

**Sesnon House Room 1804**

**New Member Orientation**

September 12, 2017

10:00-11:45am

(Sesnon House Room 1824)

**Walking Tour for Full Board:**

September 12, 2017

11:00-11:45am

### **Meetings:**

September 12, 2017

November 14, 2017

February 13, 2018

May 8, 2018 (Watsonville  
Center)

## AUDIT

**10:00-11:00 am**

**Sesnon House Room 1824**

~~October 13, 2017~~

October 19, 2017

June 1, 2018

## EXECUTIVE

**9:00-10:00 am**

**Sesnon House Room 1824**

August 30, 2017 - Room 1804

October 16, 2017

January 18, 2018

April 19, 2018

## FINANCE & INVESTMENTS

**Thursdays, 8:30-9:30 am**

**Sesnon House Room 1824**

~~August 10, 2017~~

October 5, 2017

January 4, 2018

March 29, 2018

## CABRILLO ADVANCEMENT PROGRAM (CAP)

**Sesnon House Room 1824**

February 15, 2018

10:30 – 11:30 am

May 2018 TBD

## FACULTY GRANTS

**Sesnon House Room 1824**

November 15, 2017

## NOMINATING

**Sesnon House Room 1824**

January 18, 2018

10:00 – 11:00 am

## PRESIDENT'S CIRCLE

**Sesnon House Room 1824**

September 21, 2017

5:30 – 7:30 pm

(kick-off party)

October 26, 2017

8:30-10:30am

March 28, 2018 5:30 – 7:30pm  
(wrap-up party)

## WOMEN'S

## EDUCATIONAL

## SUCCESS (WES)

**Sesnon House Room 1804**

May 12, 2017

11:00am – 12:00 pm

September 15, 2017

(Post Event)

Horticulture Center

## SCHOLARSHIP

**Sesnon House Room 1824**

March 27, 2018

8:30 – 9:30 am

## EXCLUSIVE EVENTS FOR

## PRESIDENT'S CIRCLE

### MEMBERS

**Lunch with CC President**

*\$5,000 + Members*

March 14, 2018

12:00 – 1:30 pm

**Sandy Lydon Historical Tour**

*\$1,000 + Members*

April 21, 2018

**Winemakers Dinner**

**Sesnon House**

*\$2,500+ Members*

May 17, 2018

6:00 – 9:00 pm

**Party at the home of**

**Erica and William Ow**

*\$1,500+ Members*

May 24, 2018

5:30 – 8:00 pm

**Feasting with Faculty**

**Sesnon House**

*\$10,000+ Members*

June 14, 2018

5:30 pm

**Cabrillo Stage Play, "Rent",**

**and PC Reception**

*\$1,000+ Members*

June 29, 2018

5:30 pm

Sesnon House

## EVENT DATES

**Faculty and Staff Grants  
Reception**

January 22, 2018

4:00-6:00pm

Sesnon House

**President's Circle  
New Prospects Reception**

January 30, 2018

5:30 – 7:30 pm

Ella's at the Airport

**Welcome Reception for  
Cabrillo College President,**

**Matt Wetstein**

February 22, 2018

5:00 – 7:00 pm

Sesnon House

**Cabrillo Advancement  
Program**

**(CAP) Ceremony**

March 6, 2018

6:00 – 8:00 pm

Crocker Theater

**Samper 4<sup>th</sup> Grade  
Experience**

March 9, 2018

**High Achiever Scholarship  
Ceremony**

April 12, 2018

3:00 – 5:00 pm

Sesnon House

**Scholarship Donor  
Reception**

May 1, 2018

4:00 – 6:00 pm

Sesnon House

**American Dream  
Scholarship Ceremony**

May 29, 2018

4:00 – 5:00 pm

Samper Recital Hall

**President's Holiday Party**

November 30, 2018

5:30 pm

Sesnon House

# 2017-18 Cabrillo College Foundation Committee Roster – Updated 3/19/2018

## **BOARD OF DIRECTORS**

Alan Aman, CFO  
Claire Biancalana  
Carrie Birkhofer  
Owen Brown, Secretary  
Linda Burroughs  
Ceil Cirillo  
Linda Downing  
Lee Duffus  
Enrique Buelna, Faculty Representative  
Sue Gochis, CC VP Student Services  
David Heald  
Leola Lapidés, President  
Victoria Lewis, VP Admin. Services, Asst. Treasurer  
Charles Montoya  
Kelly Nesheim  
Amy Newell  
William Ow, Vice President  
June Padilla Ponce  
Patty Quillin  
Gary Reece, College Trustee  
Maria Esther Rodriguez  
Gun Ruder  
Stephen Snodgrass, Past President  
Rachael Spencer, College Trustee  
Kate Terrell  
Kathie Welch, VP of Instruction  
Matt Wetstein, Asst. Secretary, CC President  
Donna Ziel, College Trustee

## **AUDIT**

*Chair:* Lee Duffus  
Pegi Ard  
Carrie Birkhofer  
David Heald  
Barbara Scherer  
Norm Schwartz  
Karen Semingson  
*Staff:* Eileen Hill  
Nancy Machado

## **EXECUTIVE**

Alan Aman, CFO  
Claire Biancalana  
Owen Brown, Secretary  
Linda Burroughs  
David Heald  
Leola Lapidés, President  
William Ow, Vice President  
Steve Snodgrass, Past President  
Rachael Spencer  
Matt Wetstein, CC President  
*Staff:* Eileen Hill  
Nancy Machado

## **FINANCE & INVESTMENTS**

*CFO:* Alan Aman  
Pegi Ard  
Owen Brown  
Marshall Delk  
David Heald  
Michael W. Machado  
Charles Montoya  
Kelly Nesheim  
Gun Ruder  
Bob Shepherd  
Steve Snodgrass  
*Staff:* Eileen Hill  
Nancy Machado

## **CABRILLO ADVANCEMENT PROGRAM (CAP)**

*Chair:* Carrie Birkhofer  
Enrique Buelna  
Sesario Escoto  
Leola Lapidés  
Rachel Mayo  
June Padilla Ponce  
Maria Esther Rodriguez  
Pamela Santacroce  
Eva Acosta  
*College Advisors:*  
Liz Dominguez  
Michelle Donohue  
*Staff:* Eileen Hill, Caitlin Bonura

## **FACULTY GRANTS**

Cherie Barkey  
Owen Brown  
Ted Burke  
Brooke Casipit  
Ceil Cirillo  
Lee Duffus  
Anne Freiwald  
Francisco Íñiguez  
Tobin Keller  
Amy Newell  
Patty Quillin  
Gary Reece  
Gun Ruder  
David Schwartz  
*Staff:* Eileen Hill, Caitlin Bonura

## **NOMINATING**

*Chair:* Leola Lapidés  
Jess Brown  
Owen Brown  
Linda Burroughs  
William Ow  
Stephen Snodgrass  
*Lead Staff:* Eileen Hill

## **PRESIDENT'S CIRCLE**

*Co-chairs:*  
Ceil Cirillo  
Mahlon Foote  
Pegi Ard  
Jim Baker  
Ed Banks  
Pat Barton  
Michele Bassi  
Claire Biancalana  
Mary Blanchard  
Owen Brown  
Ted Burke  
Linda Burroughs  
Kathy Cowan  
Wally Dale  
Linda Downing  
Lee Duffus  
John Eiskamp  
Joel-Ann Foote  
DeAnne Hart  
Rich Hart  
Jackie Heald  
Hal Hyde  
Kent Imai  
Vance Landis-Carey  
Keith McKenzie  
Fred McPherson  
Kelly Nesheim  
William Ow  
June Padilla Ponce  
Pam Santacroce  
Bob Shepherd  
Helen Shepherd  
Ginny Solari Mazry  
Rachael Spencer  
Rachel Wedeen  
Matt Wetstein  
Theo Wierdsma  
*Staff:* Caitlin Bonura

## **SCHOLARSHIP**

*Chair:* Rachael Spencer  
Claire Biancalana  
Jess Brown  
Ceil Cirillo  
Linda Downing  
Rich Hart  
Rachel Wedeen  
*Staff:* Caitlin Bonura

## **WOMEN'S EDUCATIONAL SUCCESS (WES)**

*Co-chairs:*  
Lindy Bixby  
Carolyn Mecozzi  
Robin Adkins  
Pat Alvarez  
Pat Barton  
Lindy Bixby  
Rhonda Bonett  
Sue Broadston  
Cathy Conway  
Mary Culley

Kimberley Dawn  
Julie Hanks  
Diana Hayden  
Janet Krassow  
Leola Lapidés  
Nancy Machado  
Amy Newell  
Mara Paladrani  
Tonee Picard  
Patty Quillin  
Cathy Richards-Bradley  
Mary Spire  
Teresa Thomae  
Karri White  
Donna Ziel

## ***WES Advisors:***

Marcy Alancraig  
Jenna Becker  
Rosemary Brogan  
Sue Bruckner  
Lori Chavez  
Lauren Cole  
Olga Diaz  
Mario Garcia  
Ofelia Garcia  
Irma Gil  
Holly Goodman  
Jay Jackson  
Teresa Kidwiler  
Elissa Kurk  
Diego Navarro  
Christina Ortega  
Beth Regardz  
Ana Rodriguez  
Gabriela Rodriguez  
Barbara Schultz-Perez  
Sue Slater  
Nancy Spangler  
Tasha Sturm  
Laura Thurman  
Marilyn Zanetti

## ***WES Emeriti:***

Peggy Downes Baskin  
Rachael Spencer  
*Staff:* Caitlin Bonura