

Cabrillo College FOUNDATION

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EXECUTIVE DIRECTOR

Eileen Hill

MEMORANDUM

DATE: May 14, 2019

TO: Pegi Ard
Carrie Birkhofer
David Heald
Barbara Scherer
Norm Schwartz
Karen Semingson

FROM: Lee Duffus, Chair

GUESTS: Jill Stenton, Vavrinek, Trine, Day & Co., LLP

SUBJECT: **Audit Committee Agenda**
Monday, May 20, 2019
10:00 am to 11:00 am
Sesnon House, Room 1824

Item	Responsibility	Page
A. Regular Open Session		
1. Welcome and Call to Order	L. Duffus	
2. Approval of Agenda	L. Duffus	
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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Item	Responsibility	Page
A. Session Open (cont.)		
3. October 1, 2018 meeting minutes	L. Duffus	4 - 7
B. Public Comment		
1. Public comment opportunity	L. Duffus	
C. Reports		
1. Executive Director Report	E. Hill	8-11
2. Review 2017-18 Audit	J. Stenton	Email Attachment
3. Discuss 2018-19 Audit	J. Stenton	
4. Discuss upcoming accounting standard changes	J. Stenton	
5. Discuss FAS 106 and GASB 75 Actuarials	J. Stenton	Email Attachment
D. Action Item		
1. Determine Auditor Selection	L. Duffus	12
E. Informational Items		
1. Review 2018-19 Audit Schedule	L. Duffus	13
F. Adjournment		
1. Adjournment	L. Duffus	

Upcoming Meetings:
TBD
10:00 am – 11:00 am
Sesnon House, Room 1824

Audit Committee Attendance Chart

Audit Committee Members	5/25/16	10/12/16	6/29/17	10/19/17	6/1/18	10/1/18
Pegi Ard	P	P	P	P	A	P
Carrie Birkhofer	P	P	A	P	P	P
Lee Duffus	A	P	P	P	P	P
David Heald	P	P	A	P	P	P
Barbara Scherer	P	A	P	A	P	P
Norm Schwartz	A	P	A	P	P	P
Karen Semington	A	P	P	P	P	P

A=Absent, P=Present, N=Not on Committees

Attendance is based on the Audit Committee meeting minutes.

Please call Nancy Machado at 479-5032 if you believe this chart is in error.

Cabrillo College Foundation

Audit Committee Meeting Minutes, distributed to Audit Committee October 2, 2018

Present: Pegi Ard, Carrie Birkhofer, Lee Duffus, David Heald, Norman Schwartz, Barbara Scherer and Karen Semingson

Absent: All committee members were present for the meeting

Staff: Eileen Hill and Nancy Machado

Guests: Terri Montgomery, Vavrinek, Trine, Day & Co. LLP

Call to Order - L. Duffus called the meeting to order at 10:02a.m.

Approval of Agenda

Motion: MSC: P.Ard/N. Schwartz. The committee voted unanimously to approve the Audit Committee agenda.

Public Comment Opportunity

There were no members of the public in attendance.

Approve Audit Committee Minutes:

Motion: MSC: B. Scherer/K. Semingson. Carrie Birkhofer, Lee Duffus, David Heald, Norm Schwartz and Karen Semingson voted to approve the Audit Committee Minutes of June 1, 2018. Pegi Ard abstained.

Cabrillo College Report:

Eileen shared President Matt Wetstein's report with the Committee.

Eileen discussed the funding formula for community colleges which began in 18-19 and described the inequities in the funding formula for some community colleges and how this flawed formula is affecting Cabrillo and its students. She described the ways that Cabrillo will need to adapt, including basic skills reform, Guided Pathways implementation and operational improvements, all of which can increase Cabrillo's degree completion and funding.

Executive Director Report:

Eileen described the new developments in the Ag Tech program at Cabrillo. Students now have the opportunity to earn an AA degree and will be able to transfer to CalPoly or UC Davis to further their education in Ag Tech or join the workforce..

Eileen reported that for the 2017-18 fiscal year, the Foundation exceeded its goal of raising \$3M, raising \$4,324,750. The direct disbursements to Cabrillo College and students was \$2,359,898. As of September 25, 2018, the Foundation has raised \$730,934 towards its goal of \$3M for 2018-19.

Review 2017-18 Audit Draft

Board Communication letter:

Ms. Montgomery reviewed the Board Communication Letter and expressed that there were no difficulties encountered during the audit.

Independent Auditors Report:

The Independent Auditors report was reviewed. Ms. Montgomery indicated the June 30, 2018 statements are presented fairly and expressed an unmodified opinion.

INDEPENDENT AUDITORS' REPORT

The Board of Directors Cabrillo
College Foundation Aptos,
California

We have audited the accompanying financial statements of Cabrillo College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cabrillo College Foundation as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cabrillo College Foundation's 2017 financial statements, and our report dated November 15, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Vavrinek, Trine, Day & Co., LLP
Pleasanton, California
_____2018

Audit Committee discussion and acceptance:

Terri Montgomery informed that audit draft does not include an updated Retiree Medical Benefit liability. Due to a change to reporting requirements under GASB 74/75, an updated actuarial was required this year. Our actuarial provider, Geoff Kischuk of Totlcomp who provides actuarial services to many of the California Community College Districts, has been greatly impacted by this change. In the past, these actuarial reports are done every three years and well in advance of the annual audit draft review. At the next Audit Committee meeting, the results of the GASB and FASB reports received this year will be reviewed and if the difference is not material, it will be decided whether it is necessary to continue to have both actuarial reports done.

Terri indicated that the amount of the Retiree Medical Benefit liability is expected to change but not by enough to be material and change her opinion from unmodified to modified.

The Statement of Financial Position for 2017-18 reflects net assets of \$33M compared to \$32M for 2016-17.

The Statement of Activities for 2017-18 notes a change in net assets of \$3M due to increased total support and revenues and is \$1M more than the change in net assets reported in 16-17.

The Statement of Functional Expenses for 2017-18 shows expenses \$200K under prior year due to a decrease in college support during the year.

The following is a list of minor corrections noted at the meeting:

- Page 3 – Liabilities section:
Change first line from Accounts payable, scholarships and college support payable to Scholarships, Payables and Accrued Compensation
- Page 5 – In 2017 Total Expenses column:
Add \$7,987 in training expenses and the total will change to \$3,353,894. That will match the \$3,353,894 reported for 2017 on the total program and supporting services line on page 4.
- Page 13 – Note # 7:
Change title to Scholarships, Payables and Accrued Compensation
- Page 15 – First paragraph, last line should read:
\$20,610,859 at June 30, 2017, and \$22,906,504 at June 30, 2018, allocated as follows:

Motion: MSC: C.Birkhofer/N. Schwartz: to accept 2017-18 Audit Draft with minor corrections as long as Retiree Medical Benefit actuarial revisions are not material according to Terri Montgomery's opinion.

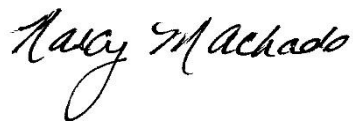
Committee Calendar & Roster

No meeting date has been set for June 2019. Nancy Machado will send a doodle poll by the end of January 2019.

Adjournment

Meeting adjourned at 11:00 a.m.

Respectfully submitted,



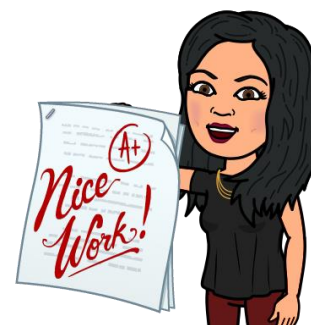
Nancy Machado
Accounting & Human Resources Manager

Next Meeting: To be scheduled

Executive Director Report: May 2019

Administration

- Nominating: recruiting new Board members
- 2019-20 Operating Budget and Form 990
- Scholarship Administration
- Professional Development: Planned Giving seminar and Association of Fundraising Professionals Conference



Fundraising

- 2018-19 fundraising goal is \$3M and \$3,173,962 has been raised and \$1,405,000 has been added in unbooked planned gifts
- President's Circle reached goal with \$380K raised
- Women's Educational Success: \$75,000 has been allocated this year in emergency grants for students, kicking off 2019 campaign
- Dental Hygiene Side by Side project: \$25,000 received, \$25,000 pending
- Ag Tech Summit and Ag Tech Grand Opening events
- Legacy Giving: gift annuity and MOCIs
- Annual appeal letters for Stroke Center, Cabrillo Stage, Scholarships and Cabrillo Advancement Program



Upcoming Events

- President's Circle Winemaker's Dinner (\$2,500+ donors):
May 16, 6:00 – 9:00 pm, Sesnon House
- American Dream Scholarship Ceremony (30th anniversary):
May 21, 4:00 – 5:00 pm, Samper Recital Hall
- President's Circle Party at Rancho Soquel (\$1,500+ donors):
May 29, 5:30 pm, Rancho Soquel



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MEMORANDUM

Date: May 7, 2019
To: Board of Directors
From: Eileen Hill
Subject: 2018-19 Fundraising Targets

The Board approved a \$3M fundraising goal in outright and unbooked planned gifts. 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 7/1/18 - 5/2/19	2018-19 Target	
	ANNUAL APPEALS	
\$380,697	\$380,000	President's Circle
\$74,171	\$50,000	Annual Fund
\$189,077	\$170,000	Women's Educational Success
\$402,093	\$100,000	Cabrillo Advancement Program (Endowed)
\$480,433	\$500,000	Scholarships (Endowed)
\$816,804	\$250,000	Scholarships (Nonendowed)
	SPECIAL INITIATIVES	
\$36,398	\$50,000	Cabrillo Stage
\$41,765	\$50,000	Stroke Center
\$122,719	\$400,000	Stadium Turf
\$1,000	\$10,000	Cabrillo Youth Chorus
\$493,805	\$390,000	Additional support for campus departments (Athletics, Dental Hygiene, Children's Center, Engineering, etc.)
\$135,000	\$150,000	Donor directed interests (Math faculty professional development, Makerspace Internships, Student Research, SBDC, Baskin Girls in Engineering)
\$1,405,000	\$500,000	Unbooked Planned Gifts
\$4,578,962	\$3,000,000	TOTAL

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DATE: May 7, 2019

TO: Board of Directors Committee

FROM: Eileen Hill

July 1, 2018 to May 2, 2019

2018-19 Outright Gifts Fundraising Total \$ 3,173,962

2018-19 Unbooked Revocable Planned Gifts \$ 1,405,000

Total \$4,578,962

2018-19 Fundraising Goal for Outright and Unbooked Revocable Planned Gifts \$ 3,000,000

Recorded Gifts 07-01-18 to 05-02-19:

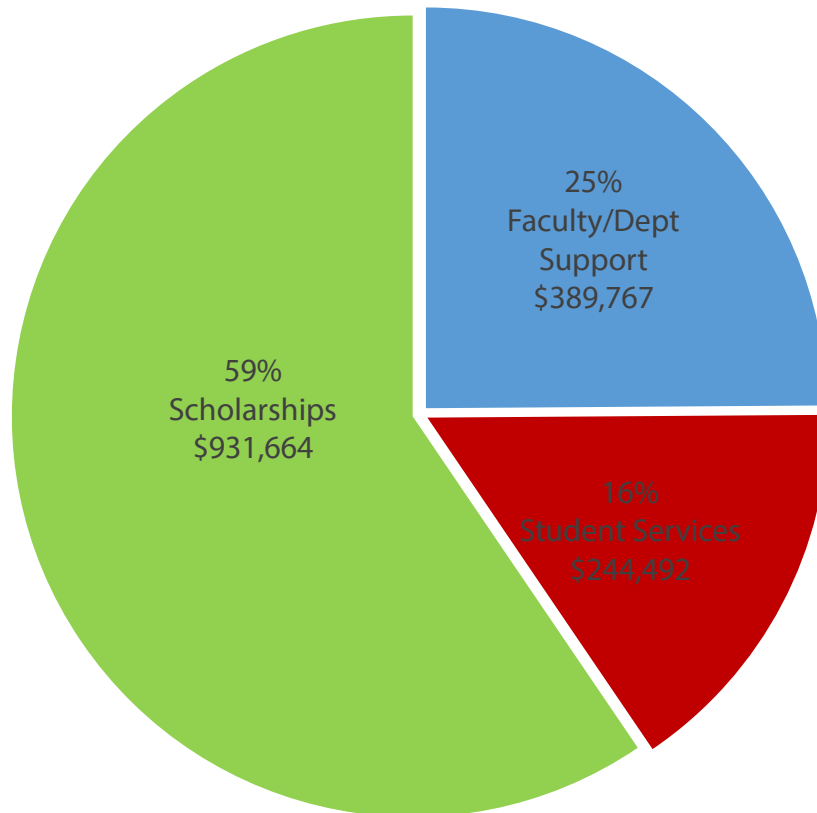
The Richard & Mary Solari Charitable Trust (Scholarship & President's Circle)	\$ 355,000
Anonymous (Cabrillo Advancement Program)	\$ 350,000
Anonymous (Scholarship)	\$ 315,000
SD Trombetta Foundation (ECE, Peace Library & Scholarships)	\$ 200,000
Anne Mitchell Estate (Scholarship)	\$ 170,506
Lee Garner (Scholarship)	\$ 150,000
Anonymous (Stadium Turf & Emergency Mini-grants)	\$ 134,000
Brian & Patti Herman (WES & Scholarship)	\$ 67,250
Joan Griffiths (Griffiths ACE, Griffiths Nursing, Stroke Center, WES, Griffiths S4C, & President's Circle)	\$ 59,729
Kathryn Shephard (Scholarship)	\$ 43,300
The Peggy & Jack Baskin Foundation (WES & Girls in Engineering)	\$ 35,000
Community Initiatives (ACE)	\$ 26,696
ADEAGies Foundation (Dental Hygiene)	\$ 25,000
William & Lupe Burgstrom (Cabrillo Advancement Program)	\$ 25,000
Community Foundation Santa Cruz County (Makerspace Internships)	\$ 20,000
Vertical Raise Trust Account (Baseball)	\$ 19,640
Peter Weber (Scholarship)	\$ 17,500
Kerr Corporation (Dental Hygiene)	\$ 17,300
Rachel Wedeen (President's Circle, WES & Scholarship)	\$ 16,900
John & Betty Ann Altman (Scholarship)	\$ 16,704
Patty Quillin & Reed Hastings (President's Circle & WES)	\$ 16,000
Rick & Ruth Moe (President's Circle, Student Research & WES)	\$ 15,600
Claire Witherspoon and Jim Engelman (Scholarship & Cabrillo Stage)	\$ 15,354
Esther & Jerry Levandoski (President's Circle & CAP)	\$ 14,214
Bill & Joan Rentz (Scholarship, Music & Chorus)	\$ 12,250
Foundation for California Community Colleges (Scholarship)	\$ 12,100
Kevin & Barbara Monahan (Scholarship)	\$ 12,079
Claire Biancalana & William Kelsay (President's Circle, Stroke Center, Stadium Turf, WES & Scholarship)	\$ 11,460
Bill & Brigid Simpkins (Water Polo, Stroke Center & CAP)	\$ 11,000
Thomas Sourisseau (President's Circle & Stroke Center)	\$ 10,100
Gifts under \$10,100 (2,255 of 2,285 total donors)	<u>\$ 979,280</u>
Total Secured Gifts	\$ 3,173,962
Total Unbooked Revocable Planned Gifts	<u>\$ 1,405,000</u>
TOTAL	\$ 4,578,962

Notes: 1. For 2018-19, the Cabrillo College Foundation has been notified of two planned gifts and an increase to the amount of another.
2. The cumulative unbooked revocable planned gifts total is \$25,250,000.

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Disbursements to Cabrillo College and Students
July 1, 2018 to March 31, 2019
Total: \$1,565,923



Faculty/Department Support (Cabrillo Stage, Stroke Center, Allied Health, Athletics)	25%	\$389,767
Student Support Services (Foster Youth, Internships, CAP, Tutoring)	16%	\$244,492
Scholarships	59%	\$931,664
TOTAL		\$1,565,923

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MEMORANDUM

DATE: May 20, 2019

TO: Audit Committee

FROM: Eileen Hill

SUBJECT: Auditor Selection

Background

From 2005 to 2016, the Foundation was required to use the same auditor as the College which was Vavrinek Trine, Day & Co., LLP. After an RFP was sent in 2016, the Cabrillo College Foundation Audit Committee selected Vavrinek, Trine, Day & Co., LLP for the 2016-17, 2017-18 and the 2018-19 audit. The Audit Committee decides if the Cabrillo College Foundation should go out for an RFP for the 2019-20 audit or continue with Vavrinek, Trine, Day & Co., LLP.

Vavrinek, Trine, Day & Co., LLP annual audit costs

The following details the audit costs for the 2016-2019 audits:

○ 2016-17	\$12,000
○ 2017-18	\$12,350
○ 2018-19	\$12,700

Federal Form 990 and California Form 199 Tax Filings

The costs for preparing and filing the annual Federal form 990 and California form 199 filings have been between \$500 and \$550 per year.

Auditor Selection

Vavrinek, Trine, Day & Co., LLP will provide a quote for the 2019-20 Cabrillo College Foundation audit. An option is for the audit committee to decide if the Cabrillo College Foundation sends an RFP for audit services beginning with the 2019-20 audit.

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DATE: May 13, 2019

TO: Audit Committee

FROM: Nancy Machado

SUBJECT: 2018-19 Cabrillo College Foundation Audit Schedule

The following is a projection for the 18-19 Cabrillo College Foundation audit process:

May 20, 2019	Auditor meets at Cabrillo College Foundation with Audit Committee to review how the audit will be conducted. Representative(s) of Audit firm will attend meeting.
Week of August 19, 2019	Cabrillo College Foundation on-site audit.
September 9, 2019	Foundation receives proposed audit adjustments for review by Nancy Machado, Lynn Brisson, CPA and Pegi Ard, Foundation CFO.
September 16, 2019	Foundation receives audit draft for review by Nancy Machado, Eileen Hill, Lynn Brisson, CPA and Pegi Ard, Foundation CFO.
October 18, 2019 To be considered	Audit Committee meets to review/accept audit draft. Representative(s) of Audit firm will attend meeting.
October 18, 2019	Executive Committee receives e-mail audit draft for review prior to Executive Committee meeting.
October 24, 2019	Executive Committee receives recommended audit draft for review and acceptance.
October 25, 2019	Cabrillo College Foundation staff e-mails Audit Committee members a red-line draft Audit so they are made aware of any changes made to the Audit Report after the Executive Committee meeting.
November 12, 2019	Cabrillo College Foundation Board of Directors meet to accept audit. Representative(s) of audit firm will attend meeting.