

Cabrillo College FOUNDATION

MEMORANDUM

OFFICERS

PRESIDENT

Patty Quillin

VICE PRESIDENT

Rachel Wedeen

SECRETARY

Ed Newman

CHIEF FINANCIAL OFFICER

Pegi Ard

PAST PRESIDENT

Gun Ruder

COMMUNITY REPRESENTATIVES

Rob Allen

Michele Bassi

Karen Cogswell

Kathryn Cowan

Sesario Escoto

Diane Koenig

Vance Landis-Carey

Erica O

Cory Ray

Maria Esther Rodriguez

Ron Sekkel

Karen Semingson

Trevor Strudley

Kate Terrell

Julie Thiebaut

COLLEGE TRUSTEE REPRESENTATIVES

Dan Rothwell

Rachael Spencer

Donna Ziel

COLLEGE STAFF REPRESENTATIVES

Matthew E. Wetstein

President

Amy Lehman-Sexton

VP Student Services

Robin McFarland

VP Instruction

Bradley Olin

VP Administrative Services

Kristin Wilson

Faculty Representative

EXECUTIVE DIRECTOR

Eileen Hill

DATE: February 7, 2023

TO: Rob Allen, Pegi Ard, Michele Bassi, Karen Cogswell, Kathryn Cowan, Sesario Escoto, Diane Koenig, Vance Landis-Carey, Amy Lehman-Sexton, Robin McFarland, Ed Newman, Bradley Olin, Erica Ow, Cory Ray, Maria Esther Rodriguez, Dan Rothwell, Gun Ruder, Ron Sekkel, Karen Semingson, Rachael Spencer, Trevor Strudley, Kate Terrell, Julie Thiebaut, Rachel Wedeen, Matt Wetstein, Kristin Wilson, Donna Ziel

FROM: CCF President, Patty Quillin

GUESTS: Liz Dominguez, CAP Coordinator
Jill Stenton, Eide Bailly
Brown Advisory Team

SUBJECT: Cabrillo College Foundation Board of Directors Regular Meeting
Tuesday, February 14, 2023
12:00 pm – 2:00 pm
Sesnon House

Item	Responsibility	Page
A. Regular Open Session		
1. Welcome and Call to Order	P. Quillin	
2. Approval of Agenda <i>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.</i>	P. Quillin	
B. Public Comment		
1. Public Comment Opportunity	P. Quillin	

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G. Adjournment		
1. Adjournment	P. Quillin	

2022-23 BOARD MEETINGS:

Tuesdays, 12:00 pm – 2:00 pm

May 9, 2023

BOARD OF DIRECTORS ATTENDANCE CHART

Board of Directors	9/13/22	11/8/22	2/14/23	5/9/23
Rob Allen	P	P		
Pegi Ard	A	P		
Michele Bassi	A	A		
Karen Cogswell	P	A		
Kathryn Cowan	P	A		
Sesario Escoto	P	P		
Diane Koenig	P	P		
Vance Landis-Carey	P	P		
Amy Lehman-Sexton	P	P		
Robin McFarland	P	A		
Ed Newman	P	A		
Bradley Olin	A	A		
Erica Ow	A	A		
Patty Quillin	P	A		
Cory Ray	P	P		
Maria Esther Rodriguez	P	A		
Dan Rothwell	A	A		
Gun Ruder	A	P		
Ron Sekkel	P	P		
Karen Semingson	A	P		
Rachael Spencer	P	A		
Trevor Strudley	P	P		
Kate Terrell	A	A		
Julie Thiebaut	P	P		
Rachel Wedeen	P	P		
Matt Wetstein	P	P		
Kristin Wilson	P	P		
Donna Ziel	P	P		

*P=Present, A=Absent, N/A=Not applicable, not on the Board at the time. Based on Board of Director's meeting minutes.
Please contact Cabrillo College Foundation if you believe this chart is in error.*

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Rob Allen
SUBJECT: **Cabrillo Advancement Program (CAP) Update**

BACKGROUND

The Cabrillo Advancement Program (CAP) is a scholarship and support program designed to increase the academic success of high risk, low income students and to support their preparation for attending college. CAP includes over 350 participants in 12 schools throughout Santa Cruz County. CAP scholars are selected through a competitive process open to students who qualify for free or reduced lunches.

Beginning with the first year of middle school and continuing through high school, CAP students receive after-school tutoring and participate in counseling and extra-curricular activities that sustain their commitment to preparing for college. Students who complete CAP receive \$3,000 in scholarships upon high school graduation for their first and second year at Cabrillo.



CAP Roller Skating Party

CEREMONY

Seventy new sixth grader are currently being selected and we will be celebrating the students and their families at the **CAP Ceremony on Tuesday, March 14th from 6-8pm at the Crocker Theater.**

SCHOLARSHIPS

1. CAP Scholarships: \$1,500 per student

- For CAP students who complete the CAP program, graduate from high school and attend Cabrillo no later than one academic year after graduation. Students must be enrolled in 12+ units at Cabrillo to receive the full scholarship award.

2. Barbara Samper CAP Four-year Scholarships: \$1,500 for select students

- For CAP students who graduate from high school and go directly to a four-year college. Proof of enrollment is required.

3. Barbara Samer CAP Second Year Scholarships: \$1,500 per student

- For CAP students who have completed 24 units at Cabrillo in the prior 12 months. Students must be enrolled in 12+ units at Cabrillo to receive the full scholarship award.

4. CAP Transfer Scholarships: \$1,000 - \$2,500 for select students

- For Cabrillo students transferring to four-year colleges.

Cabrillo Advancement Program
AWARDS CEREMONY
2023



The Cabrillo College Foundation and
Cabrillo College invite you to attend

**Cabrillo Advancement Program (CAP)
Awards Ceremony**

Tuesday, March 14, 2023
6:00 pm Reception
6:30 pm Ceremony
Cabrillo College Crocker Theater
(masks are required inside the theater)

Please RSVP by March 10
CAP Office
831-479-6526 or jalopez@cabrillo.edu

**Special Recognition of CAP
Alumnus, Lucy Sanchez-Garcia**

Lucy entered the CAP program in 1995 at Pajaro Middle School. By the time she graduated high school she had been to 12 different schools, but the CAP program's director stayed in touch with her, reminding her that she had a scholarship at Cabrillo. She credits the CAP program with making a college education a reality for her. She graduated from Cabrillo and transferred to UC Berkeley where she majored in Political Science. She went on to attain her Masters in Public Policy and now works as an analyst for the County of Monterey. Please join us as we honor her achievements.



**CABRILLO COLLEGE FOUNDATION
BOARD OF DIRECTORS MEETING
Minutes of November 8, 2022**

Directors Present: Rob Allen, Pegi Ard, Sesario Escoto, Diane Koenig, Vance Landis-Carey, Amy Lehman-Sexton, Cory Ray, Gun Ruder, Ron Sekkel, Karen Semingson, Trevor Strudley, Julie Thiebaut, Rachel Wedeen, Matt Wetstein, Kristin Wilson, Donna Ziel

Directors Absent: Michele Bassi, Karen Cogswell, Kathryn Cowan, Robin McFarland, Ed Newman, Bradley Olin, Erica Ow, Patty Quillin, Maria Esther Rodriguez, Dan Rothwell, Rachael Spencer, Kate Terrell

Staff Present: Eileen Hill, Nancy Machado, Lori Hood, Caitlin Bonura, Kate Staveland

Call to Order

Rachel Wedeen called the meeting to order at 12:33 pm.

Approval of Agenda

Motion: MSC: R. Allen/G. Ruder. The Board voted unanimously to approve the Board agenda.

Public Comment Opportunity

There were no members of the public in attendance.

Special Presentation

Due to illness, the Brown Advisory Team was unable to attend the meeting. They will attend the February 14, 2023 meeting.

Approve Board Meeting Minutes

Motion: MSC: R. Sekkel/J. Thiebaut.

The following Board Members voted to approve the minutes of September 13, 2022:

Rob Allen, Sesario Escoto, Diane Koenig, Vance Landis-Carey, Amy Lehman-Sexton, Cory Ray, Ron Sekkel, Trevor Strudley, Julie Thiebaut, Rachel Wedeen, Matt Wetstein and Donna Ziel.

The following Board Members abstained: Pegi Ard, Gun Ruder and Karen Semingson.

The following Board Members were absent:

Michele Bassi, Karen Cogswell, Kathryn Cowan, Robin McFarland, Ed Newman, Bradley Olin, Erica Ow, Patty Quillin, Maria Esther Rodriguez, Dan Rothwell, Rachael Spencer and Kate Terrell. Kristin Wilson arrived after the vote.

Approve Audit Draft

Due to a last-minute change to the Audit, the Audit Draft will be presented at the February 14, 2023 meeting.

Approve Financial Statements

Pegi Ard reported as of September 30, 2022, total assets of \$40.1M were \$5.7M under prior year primarily due to the decrease in the value of the assets in the investment accounts.

Total net assets of \$38.4M were \$5.9M less than prior year. Total Revenue was \$1.3M lower than prior year. Total Expenses of \$776K were \$24K over prior year with a deficit of \$1.95M. The total operating revenue was \$140K and expenses were \$273K. The operating fund deficit was \$133K post audit.

Motion: MSC: G. Ruder/D. Ziel. The Board voted unanimously to approve the September 30, 2022 Post Audit Financial Statements.

Cabrillo College President's Report

Matt Wetstein reported on his recent attendance at the Council for Advancement and Support of Education (CASE) Conference for Community College Advancement. Matt informed the group that he was pleased to learn that the "arm's length" collaborative relationship between the Cabrillo College Foundation and Cabrillo College is unique compared to other community college/foundation relationships. He also learned that the Cabrillo Foundation is ahead of the game in its approach to fostering donor relationships through stewardship as opposed to the transactional approach to fundraising employed by the many other community colleges.

Matt gave an update on the Cabrillo Housing project. He explained that Cabrillo will be collaborating with UCSC on a joint housing project. Priority is being given to projects that are intersegmental through the state grant application process. The original Cabrillo application was for about 300 beds, adding another 300 for UCSC students to potentially double the number of students served within the same footprint proposed previously. He showed slides of the proposed site, floor plans and gave an overview of the amenity options. The proposal is due in January, and projects to receive funding will be announced in March.

The Name Exploration committee will be providing a report and recommendation to the Trustees on Monday, November 14, 2022.

Executive Director's Report

Eileen reported that Foundation staff have been working on the Tom Sourisseau Allied Health building dedication logistics. Tom passed away last year and left the majority of his estate to Cabrillo, which will support biology scholarships and faculty grants. Eileen talked about the CASE conference which she attended with Kate Staveland and Matt Wetstein. Like Matt, Eileen walked away feeling good about the things the Foundation is doing, and in many cases learned that we are ahead of the curve in many areas. The Foundation's model of fundraising as philanthropic rather transactional and a focus on major gifts is where other foundations are trying to get to.

The Foundation has raised a total of \$898,599 so far this fiscal year. The Foundation staff launched the Cabrillo Retiree Listserv for retirees to stay connected and interact, and hosted the first Cabrillo Retiree happy hour with approximately 70 retirees in attendance.

Eileen talked about efforts at the college to address equity by looking for opportunities to support programs that serve student populations that have the odds stacked against them when it comes to higher education. One of these programs, Rising Scholars is a program to provide education in the jails then provide a warm hand off and support system at Cabrillo College for formerly incarcerated students. The program has been funded by the Monterey Peninsula Foundation.

The Barbara Samper Foundation provided their annual gift to support CAP and an additional gift to provide scholarships for CAP students who go directly to 4-year universities after graduating from high school. The Foundation is working on funding for the Guardian Scholars program, which is for former foster youth – there are currently 36 students in the program and they continue to find ways to do outreach to get more students in the program. Also, staff are working on funding for the new Umoja program for African American students which already has 27 students enrolled and has a lineup of activities scheduled for the fall semester.

Eileen gave a graphical representation of the Foundation's first quarter disbursements to Cabrillo College and students from July 1, 2022 to September 30, 2022 totaling \$1.5M, with over \$1M in scholarships to students.

Net Assets, Endowed Net Assets and Historical Gifts Chart

The ending net assets balance as of September 30, 2022 was \$38,427,116. The endowed net assets balance was \$33,577,611. The endowed historical gifts value was \$32,638,022.

Investment Report

Pegi Ard reviewed the September 30, 2022 Investment Report.

September 30, 2022 Investment Returns

- Our return on investments for the MS Long-Term Pool fiscal year to date as of September 30, 2022 (3 months) is as follows:

Actual Return:	-6.61%
Benchmark Return:	-6.49%
Difference:	-0.12%

- Our return on investments for the MS ESG Long-Term Pool fiscal year to date as of September 30, 2022 (3 months) is as follows:

Actual Return:	-6.37%
Benchmark Return:	-5.80%
Difference:	-0.57%

- Our return on investments for the MS Intermediate-Term Pool year to date as of September 30, 2022 (3 months) is as follows:

Actual Return:	-3.14%
Benchmark Return:	-4.75%
Difference:	1.61%

- Our return on investments for the MS Short-Term Pool fiscal year to date as of September 30, 2022 (3 months) is as follows:

Actual Return:	-0.18%
Benchmark Return:	-0.36%
Difference:	0.18%

- Our return on investments for the MS Title III Pool fiscal year to date as of 30, 2022 (3 months) is as follows:

Actual Return:	-1.99%
Benchmark Return:	-2.36%
Difference:	0.37%

- Our return on investments for the MS Title V Pool fiscal year to date as of September 30, 2022 (3 months) is as follows:

Actual Return:	-4.52%
Benchmark Return:	-4.77%
Difference:	0.25%

President's Circle

Vance Landis-Carey reported that Linda Burroughs and Karen Cogswell are Committee Co-chairs this year. Invitations to join the President's Circle have been personalized by committee members and were mailed on Friday, November 4th. The committee campaign goal is \$503,000 and \$88,678 has been raised to date. Sandy Lydon's final President's Circle event was held last month and it was very well attended with nearly 100 guests present. Everyone enjoyed being in person and hearing Sandy's presentation which was about how Cabrillo College unified Santa Cruz county through education.

WES

Karen Semington reported that \$110,000 will be awarded in WES grants this year. After two years of hosting the WES event online, they had a great in-person celebration at the Samper Recital Hall on September 30th. It was the 25th anniversary of WES. As of November 7, \$235,464.50 has been raised from 432 donors.

Faculty Grants

Gun Ruder reported that there is \$129K available to award to Cabrillo faculty and staff through the faculty and staff grant process. Division Deans and the IT and Facilities departments have reviewed and approved projects to be considered for funding. Crocker Grants have been selected and now the Faculty Grants for Student Success (FGSS) selection committee is reviewing unfunded proposals. The FGSS Committee will meet on Monday, November 28th to make recipient selections.

Scholarships

Julie Thiebaut reported that \$1.6 million in scholarships was awarded to 1,558 students during the 2021-22 fiscal year. The Scholarship Committee will convene on November 10th to discuss the year end mailing to scholarship donors and how to personalize letters to thank them in a meaningful way.

Student Veterans Endowment

Cory Ray reported that The Quick Reaction Force Committee has been working the past couple months to raise funds for the Student Veterans Endowment. They have raised a total of \$20,500 so far and we continue to follow up with prospective donors. Veteran Mike Brandy will be matching gifts of \$100 or more, up to \$10,000 for this year's campaign. The Cabrillo Veterans Center is hosting a variety of free activities throughout Veterans Awareness week to bring awareness to our Veteran students at Cabrillo, culminating in a Veterans Celebration on Thursday 11am - 1pm.

990 Timeline

Nancy Machado gave a projection for the 2021-22 Cabrillo Foundation federal Form 990 process.

Honoring Board Members

Matt Wetstein recognized and thanked Gun Ruder for serving as CCF Board President.

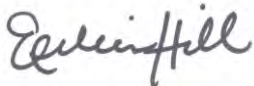
Committee Calendar & Roster

Rachel Wedeen reviewed the Committee Calendar and Roster.

Adjournment

The meeting was adjourned at 1:44 pm

Respectfully submitted,



Eileen Hill, Executive Director

2022-23 BOARD MEETINGS:
Tuesdays, 12:00 pm – 2:00 pm

November 8, 2022
February 14, 2023
May 9, 2023

BOARD OF DIRECTORS ATTENDANCE CHART

Board of Directors	9/13/22	11/8/22	2/14/23	5/9/23
Rob Allen	P	P		
Pegi Ard	A	P		
Michele Bassi	A	A		
Karen Cogswell	P	A		
Kathryn Cowan	P	A		
Sesario Escoto	P	P		
Diane Koenig	P	P		
Vance Landis-Carey	P	P		
Amy Lehman-Sexton	P	P		
Robin McFarland	P	A		
Ed Newman	P	A		
Bradley Olin	A	A		
Erica Ow	A	A		
Patty Quillin	P	A		
Cory Ray	P	P		
Maria Esther Rodriguez	P	A		
Dan Rothwell	A	A		
Gun Ruder	A	P		
Ron Sekkel	P	P		
Karen Semingson	A	P		
Rachael Spencer	P	A		
Trevor Strudley	P	P		
Kate Terrell	A	A		
Julie Thiebaut	P	P		
Rachel Wedeen	P	P		
Matt Wetstein	P	P		
Kristin Wilson	P	P P		
Donna Ziel	P			

P=Present, A=Absent, N/A=Not applicable, not on the Board at the time. Based on Board of Director's meeting minutes. Please contact Cabrillo College Foundation if you believe this chart is in error.

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Karen Semingson
SUBJECT: 2021-22 Audit Draft

BACKGROUND

The Cabrillo College Foundation Audit was performed in August 2022. The Audit Committee met and accepted the Audit draft on October 6, 2022 followed by the Executive Committee on October 24, 2022.

November 7, 2022, we received a call from Xiupin Guillaume the audit partner at Eide Bailley informing us that our audit was pulled for review and that we should be following FASB reporting guidelines and should not be reporting our OPEB and Pension liabilities in the audit or on our financial statements.

We had been following the direction of the former audit partner beginning in 2014 when GASB 68 was issued, as the Foundation is an auxiliary organization of Cabrillo College and it was our understanding that it was required. We understand now that we are required to report only under FASB and have removed the pension and OPEB liabilities. We have removed those liabilities based on their direction.

The auditors' management letter includes a description of this and is called out as a material weakness. We have included a response to the management letter and made the adjustments needed.

We have been working with Audit Committee Chair and Board Member, Karen Semingson on these changes from the auditor. The Audit Committee accepted the new Audit Draft on January 23rd, followed by the Executive Committee on January 26th.

2021-22 new Audit Draft is attached.

RECOMMENDED MOTION

The Audit Committee and Executive Committee recommends that the Board of Directors accepts the revised 2021-22 Audit Draft.



_____, 2022

To the Board of Directors
Cabrillo College Foundation
Aptos, California

We have audited the financial statements of Cabrillo College Foundation as of and for the year ended June 30, 2022, and have issued our report thereon dated _____, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards

As communicated in our letter dated May 25, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Cabrillo College Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- **Management Override of Controls** – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Organization can override controls that the Organization has implemented. Management may override the Organization's controls to modify the financial records with the intent of manipulating the financial statements to overstate the Organization's financial performance or with the intent of concealing fraudulent transactions.
- **Revenue Recognition** – We identified revenue recognition as a significant risk because of financial and operational incentives for the Organization to either overstate or understate support revenues or to record them within the wrong classification.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Cabrillo College Foundation is included in Note 1 to the financial statements. As discussed in Note 1, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, on a retrospective basis. No other changes in existing accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Cabrillo College Foundation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We have made the following modification to our auditor's report:

Correction of Error

As discussed in Note 13 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to that matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated [REDACTED], 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Cabrillo College Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Cabrillo College Foundation's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of Cabrillo College Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

San Ramon, California

Financial Statements
June 30, 2022

Cabrillo College Foundation

DRAFT

Independent Auditor’s Report..... 1

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 Statement of Functional Expenses..... 6

 Statement of Cash Flows 7

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DRAFT



Independent Auditor's Report

To the Board of Directors
Cabrillo College Foundation
Aptos, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cabrillo College Foundation, which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Cabrillo College Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cabrillo College Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, the Organization has adopted Accounting Standards No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities (Topic 958) for Contributed Nonfinancial Assets*, on a retrospective basis. Our opinion is not modified with respect to this matter.

Correction of Error

As discussed in Note 13 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the 2021 financial statements of Cabrillo College Foundation, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the exception of the correction of error identified in the preceding paragraph, with the audited financial statements from which it has been derived.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cabrillo College Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Cabrillo College Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cabrillo College Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

San Ramon, California
[REDACTED], 2023

DRAFT

Cabrillo College Foundation
Statement of Financial Position
June 30, 2022
(with comparative totals for June 30, 2021)

	2022	(Restated) 2021
Assets		
Cash and cash equivalents	\$ 5,988,329	\$ 8,561,507
Contributions receivable, net of allowance (Note 2)	749,589	966,995
Accounts receivable	75,327	1,095
Split interest agreements (Note 3)	73,129	99,954
Prepays and other assets	21,805	14,313
Investments (Note 5)	36,321,672	37,873,991
Equipment, net of accumulated depreciation (Note 6)	404	1,614
Total assets	<u>\$ 43,230,255</u>	<u>\$ 47,519,469</u>
Liabilities		
Scholarships, payables and accrued compensation (Note 8)	\$ 2,338,572	\$ 2,049,660
Total liabilities	<u>2,338,572</u>	<u>2,049,660</u>
Net Assets		
Without donor restrictions (Note 10)	1,999,225	1,977,944
With donor restrictions (Note 10)	38,892,458	43,491,865
Total net assets	<u>40,891,683</u>	<u>45,469,809</u>
Total liabilities and net assets	<u>\$ 43,230,255</u>	<u>\$ 47,519,469</u>

Cabrillo College Foundation
Statement of Activities
Year Ended June 30, 2022
(with comparative totals for June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	(Restated) 2021
Support and Revenues				
Contributions, net of				
uncollectible amounts	\$ 532,323	\$ 3,305,836	\$ 3,838,159	\$ 5,925,214
Contributions - paycheck				
protection program loans	-	-	-	102,569
Investment income (loss)				
net of investment expenses	(224,382)	(5,399,421)	(5,623,803)	6,873,276
Endowment management fee	577,254	-	577,254	529,602
In-kind contributions	25,071	49,104	74,175	46,682
Other income	113,702	-	113,702	123,309
Net assets released from restrictions	2,554,926	(2,554,926)	-	-
Total support and revenues	3,578,894	(4,599,407)	(1,020,513)	13,600,652
Expenses				
Program services				
Scholarships and awards	1,598,367	-	1,598,367	1,351,136
College support	1,364,364	-	1,364,364	1,006,682
Supporting services				
Management and general	391,852	-	391,852	357,850
Fundraising	203,030	-	203,030	163,778
Total program and supporting services	3,557,613	-	3,557,613	2,879,446
Change in Net Assets	21,281	(4,599,407)	(4,578,126)	10,721,206
Net Assets, Beginning of Year, restated	1,977,944	43,491,865	45,469,809	34,748,603
Net Assets, End of Year	\$ 1,999,225	\$ 38,892,458	\$ 40,891,683	\$ 45,469,809

Cabrillo College Foundation
Statement of Functional Expenses
Year Ended June 30, 2022
(with comparative totals for June 30, 2021)

	Scholarships and Awards	College Support	Management and General	Fundraising	2022 Total Expenses	2021 (Restated)
Direct Program Support						
Scholarships and awards	\$ 1,462,312	\$ -	\$ -	\$ -	\$ 1,462,312	\$ 1,218,973
College support	-	1,030,628	-	-	1,030,628	712,319
Supporting Services						
Salaries	74,945	173,464	199,178	82,365	529,952	512,245
Employee benefits	32,506	75,238	86,392	35,725	229,861	221,320
Payroll taxes	5,572	12,898	15,841	6,319	40,630	40,978
Insurance	1,428	1,428	4,743	1,428	9,027	7,219
Printing	3,759	3,759	5,639	5,639	18,796	12,371
Consultants	-	-	40,575	1,050	41,625	27,505
Office supplies	974	974	1,828	974	4,750	5,312
Office equipment	2,865	2,865	2,864	2,865	11,459	2,304
Software and maintenance	6,044	6,044	7,007	6,044	25,139	24,241
Postage and delivery	1,455	1,455	1,456	5,336	9,702	7,327
Bank charges	-	-	9,977	-	9,977	7,897
Depreciation	302	302	303	303	1,210	1,211
Miscellaneous	-	-	9,506	-	9,506	10,759
Training	-	-	337	506	843	1,615
In-kind supplies/materials	-	49,104	-	250	49,354	22,970
Occupancy	6,205	6,205	6,206	6,205	24,821	23,712
Public relations	-	-	-	48,021	48,021	19,168
	<u>\$ 1,598,367</u>	<u>\$ 1,364,364</u>	<u>\$ 391,852</u>	<u>\$ 203,030</u>	<u>\$ 3,557,613</u>	<u>\$ 2,879,446</u>

Cabrillo College Foundation
Statement of Cash Flows
Year Ended June 30, 2022
(with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (4,578,126)	\$ 10,721,206
Adjustments to reconcile change in net assets to net cash provided (used) by operations		
Depreciation	1,210	1,211
Realized/Unrealized (gain)/loss on investments	5,728,880	(6,870,995)
Donated securities	140,625	184,762
Change in valuation of split-interest agreements	26,825	17,874
Change in operating assets and liabilities		
Contributions receivable	217,406	244,330
Accounts receivable	(74,232)	41,318
Prepays and other assets	(7,492)	8,734
Scholarships, payables and accrued compensation	288,912	(130,073)
Net Cash Provided (Used) by Operating Activities	<u>1,744,008</u>	<u>4,218,367</u>
Cash Flows provided (used) by Investing Activities		
Purchases of investments	(10,449,400)	(11,636,021)
Proceeds from sale of investments	6,132,214	7,055,757
Net Cash Provided (Used) by Investing Activities	<u>(4,317,186)</u>	<u>(4,580,264)</u>
Cash Flows from Financing Activities		
Proceeds from refundable advance (PPP loan)	-	(102,569)
Net Change in Cash and Cash Equivalents	(2,573,178)	(464,466)
Cash and Cash Equivalents, Beginning of Year	8,561,507	9,025,973
Cash and Cash Equivalents, End of Year	<u>\$ 5,988,329</u>	<u>\$ 8,561,507</u>
Supplemental Disclosure on Noncash Activities		
In - kind donations	<u>\$ 74,175</u>	<u>\$ 46,682</u>

Note 1 - Nature of Organization and Significant Accounting Policies

Organization

The Cabrillo College Foundation (the "Foundation") was incorporated in the State of California in 1965, as a nonprofit public benefit corporation. The Foundation was organized to operate for the advancement of education, to provide financial support to students and various programs of Cabrillo Community College District (the District), and to provide a link between the District and the community.

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of Presentation

The accompanying financial statement presentation follows the recommendations prescribed by accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Net Assets

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purpose from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Receivables

Accounts receivable consist primarily of noninterest-bearing amounts due for services performed. The Foundation does not consider that the allowance for doubtful accounts is necessary as management believes all receivables are collectible. Uncollectible receivable will be written off in the year it deemed uncollectible. As of June 30, 2022 and 2021, no amounts were written off.

Revenue Recognition

An investment management fee is charged by the Foundation and recognized as the services are performed for the management of the endowment. Unconditional grants and contributions are recognized when promised and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Management believes all contributions are collectible and no allowance for doubtful accounts is necessary. Contributions are written off when deemed uncollectible. As of June 30, 2022 and 2021, no contributions were written off.

Investments

Investments purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Equipment

Equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed on the straight-line method based on the assets' estimated useful lives ranging from three to five years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation expense for the years ended June 30, 2022, and 2021 were \$1,210 and \$1,211, respectively.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts

The Organization has been named as a beneficiary in various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace the Organization as the beneficiary of the trust asset, the asset is not recorded. If the trust is irrevocable, and the amount to be received is known, the trust assets are recorded as a receivable. When the trust asset is distributed, any funds in excess of the receivable is recorded as a contribution.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Organization receives immediate and unrestricted title to contributed assets. Contributed assets are recorded at fair value on the date of receipt. Payments to the annuitant are made through a third party. Annually during the course of the audit the balance of the annuity is updated with the balance of assets remaining.

In-kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

In-kind contributions for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Rent - allocated to programs and supporting services	\$ 24,821	\$ 23,712
Supplies and materials - restricted for program use	49,354	22,970
Total	<u>\$ 74,175</u>	<u>\$ 46,682</u>

Office space was provided by the Cabrillo Community College District on behalf of the Foundation. The valuation is based on the square footage of the office space at the market price that they would have to pay if not contributed. Donated supplies and materials include items donated to the Foundation for the use of the Foundation or the District. The value of the supplies and materials is based on the fair value of the same or similar products in the local market.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. The Foundation strives to maintain cash balances in financial institutions which are insured up to \$250,000. At June 30, 2022 and 2021, bank balances in excess of Federal depository insurance coverage were \$13,498 and \$220,000, respectively.

Income Taxes

The Foundation is a nonprofit corporation exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from other foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Change in Accounting Policy

As of July 1, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

Note 2 - Contributions Receivable

Contributions receivable represent unconditional promises to give, which have been made by donors, but not received. Discounting for contributions receivable in two to five years was not performed as the amount of the discount was immaterial. Contributions receivable at June 30, 2022 and 2021 were as follows:

	2022	2021
Receivable in one year or less	\$ 719,589	\$ 586,995
Receivable in two to five years	30,000	380,000
	<u>\$ 749,589</u>	<u>\$ 966,995</u>
Total contributions receivable		

For the year ended June 30, 2022, two receivable balances provided approximately 81% of total net contributions receivable. Conditional promises to give are recognized only when the conditions are substantially met. Conditional promises that are not recorded as of June 30, 2022 consist of amounts for which the Foundation has been notified of being named a beneficiary of various estates with an expected value of approximately \$28,146,600. This amount is not recorded in the financial statement because they are revocable planned gifts.

Note 3 - Split Interest Agreements

The Foundation is a beneficiary of a charitable lead trust, a charitable remainder trust, and several charitable gift annuities. The charitable lead trust provides annual payments to the Foundation until the trust terminates. The charitable gift annuities are assets contributed by the donors. The split interest agreements are reported at fair value. The split interest agreements are revalued on an annual basis, and the change in the net present value is recorded as a gain or loss in the statement of activities. At June 30, 2022 and 2021, the beneficial interest was valued as follows:

	2022	2021
Split interest agreements		
Charitable lead trust	\$ 34,188	\$ 43,180
Charitable gift annuities	38,941	48,472
	<u>\$ 73,129</u>	<u>\$ 99,954</u>
Total		

Note 4 - Related Party Transactions

Foundation board members donated a total of \$159,475 in stock and cash to the Foundation during the fiscal year ended June 30, 2022.

Note 5 - Investments

Investments are stated at fair market value and consist of the following:

	2022	2021
Investments	\$ 36,321,672	\$ 37,873,991
Investments - cash equivalents	5,735,518	8,129,430
Total Investments	42,057,190	46,003,421
Cash	252,811	432,077
Total cash, cash equivalents, and investments	<u>\$ 42,310,001</u>	<u>\$ 46,435,498</u>
	2022	2021
Funds invested in common stock	\$ 6,731,728	\$ 5,994,866
Funds invested in bonds	164,030	-
Funds invested in fixed income securities	4,727,944	3,284,154
Funds invested in U.S. Government Securities	4,242,221	3,647,699
Funds invested in closed end funds, structured products and action rights	13,521,278	18,442,704
Funds invested in managed certificates of deposits and money markets	177,116	143,480
Funds invested in mutual funds	6,757,355	6,311,210
Total	<u>\$ 36,321,672</u>	<u>\$ 37,873,991</u>

Investment activity for the year ended June 30, 2022 and 2021, consisted of the following:

	2022	2021
Realized gains (losses) on investments	\$ 1,946,523	\$ 946,331
Unrealized gains (losses) on investments	(7,675,403)	5,924,664
Interest and dividends	859,919	675,089
Gain (loss) on split interest agreements	(9,531)	-
Total investment income (loss)	(4,878,492)	7,546,084
Investment expenses - investment fees	(168,057)	(143,206)
Investment expense - management fees	(577,254)	(529,602)
Total investment income (loss), management fees, net of investment expenses	<u>\$ (5,623,803)</u>	<u>\$ 6,873,276</u>

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that future changes in risks could materially affect account balances and the amounts reported in the accompanying financial statements.

Investment Policies

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. 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. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested to meet or exceed the index, or blended market index that most closely corresponds to the style of investment management selected and agreed upon by the Finance Committee. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7.0 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Endowment's spending policy has 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 $7.0\% = 4.0\% \text{ distribution rate} + 1.5\% \text{ inflation factor} + 1.5\% \text{ management fee}$. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

Endowment Fund Corpus

The Cabrillo College Foundation's endowment (the Endowment) consists of approximately 442 individual funds established by donors to provide annual funding for specific activities. The Endowment also include certain net assets with donor restrictions that have been designated by the Board of Directors.

Cabrillo College Foundation

Notes to Financial Statements

June 30, 2022

(with comparative totals for June 30, 2021)

The Board of Directors has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As of June 30, 2022, there were no explicit donor stipulations to the contrary. The spending policy allows the Foundation to spent up to 20% into the corpus. The Foundation considered the long-term expected return on its endowment as a result of this interpretation.

As of June 30, 2022 and 2021, endowment net asset composition by type of fund is as follows:

	2022			2021
	Corpus	Accumulated Earnings	Total	Total
Board-designated endowment funds	\$ 369,190	\$ 120,844	\$ 490,034	\$ 567,713
Donor-restricted endowment funds				
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	29,898,983	1,828,449	31,727,432	39,498,498
Total Endowment Funds	<u>\$ 30,268,173</u>	<u>\$ 1,949,293</u>	<u>\$ 32,217,466</u>	<u>\$ 40,066,211</u>

Note 6 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

	2022	2021
Operating cash	\$ 252,811	\$ 432,077
Contributions receivable due in one year	719,589	586,995
Accounts receivable due in one year	75,327	1,095
Operating investments and cash equivalents	<u>3,164,732</u>	<u>15,735,248</u>
	<u>\$ 4,212,459</u>	<u>\$ 16,755,415</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

Note 7 - Equipment

Property and equipment at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Equipment	\$ 36,303	\$ 36,303
Accumulated depreciation	(35,899)	(34,689)
	<u>\$ 404</u>	<u>\$ 1,614</u>

Note 8 - Scholarships, Payables and Accrued Compensation

Scholarships, payables and accrued compensation represent unconditional promises made by the Foundation and are due as follows:

	College Support & Scholarships	Accrued compensation	Accounts Payable	Total	Total 2021
Payable in one year or less	\$ 1,044,720	\$ 74,237	\$ 510,401	\$ 1,629,358	\$ 1,455,948
Payable in two to five years	492,898	-	-	492,898	373,658
Payable in more than five years	216,316	-	-	216,316	220,054
Total payable	<u>\$ 1,753,934</u>	<u>\$ 74,237</u>	<u>\$ 510,401</u>	<u>\$ 2,338,572</u>	<u>\$ 2,049,660</u>

Note 9 - Fair Value Measurement and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Organization invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in charitable and perpetual trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered Level 3 measurements.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021.

	2022				2021
	Level 1	Level 2	Level 3	Total	Total
Assets					
Funds invested in					
Common stock	\$ 6,731,728	\$ -	\$ -	\$ 6,731,728	\$ 5,994,866
Preferred stocks	-	-	-	-	49,878
Corporate bonds and notes	853,786	2,570,332	-	3,424,118	3,284,154
U.S. Government securities	-	4,242,221	-	4,242,221	3,647,699
Closed end funds and structured products	13,521,278	-	-	13,521,278	18,442,704
Real estate	-	1,467,856	-	1,467,856	-
Managed certificates of deposits and money markets	177,116	-	-	177,116	143,480
Mutual funds	6,684,226	-	73,129	6,757,355	6,311,210
Total	\$ 27,968,134	\$ 8,280,409	\$ 73,129	\$ 36,321,672	\$ 37,873,991

Cabrillo College Foundation

Notes to Financial Statements

June 30, 2022

(with comparative totals for June 30, 2021)

Note 10 - Net Assets

At June 30, 2022 and 2021, net assets without donor restrictions consisted of the following:

	2022	(Restated) 2021
Designated		
Hurd Tribute	\$ 255,759	\$ 294,302
President's Circle	10,000	10,000
Computers	15,000	15,000
Retiree medical benefits	82,380	75,003
Operating reserve	867,658	541,766
Undesignated		
Undesignated	768,428	1,041,873
Total	<u>\$ 1,999,225</u>	<u>\$ 1,977,944</u>

At June 30, 2022 and 2021, net assets with donor restrictions consist of the following scholarship and college support non-endowed and endowed funds:

	2022	2021
With Donor Restrictions		
Endowed scholarship and college support funds available	\$ 2,168,394	\$ 2,066,079
Endowed accumulated earnings	1,091,512	7,731,959
Subtotal	3,259,906	9,798,038
Non-endowed scholarship and college support funds available	3,415,086	3,425,654
Subtotal	6,674,992	13,223,692
Endowment corpus	32,217,466	30,268,173
Total net assets with donor restrictions	<u>\$ 38,892,458</u>	<u>\$ 43,491,865</u>

Cabrillo College Foundation

Notes to Financial Statements

June 30, 2022

(with comparative totals for June 30, 2021)

At June 30, 2022 and 2021, endowment net assets, for which investment and interest earnings may be used for scholarships and college support and consist of the historical gift balance of the endowed funds, are allocated as follows:

	2022			2021
	Accumulated Earnings	Corpus	Total	Total
Endowment Funds				
Board designated-beginning of year	\$ 120,845	\$ 369,190	\$ 490,035	\$ 498,435
Donor restricted-beginning of year	\$ 9,677,193	\$ 29,898,983	\$ 39,576,176	\$ 29,806,408
Contributions	6,141	1,949,293	1,955,434	3,729,603
Scholarships and college support	(1,129,398)	-	(1,129,398)	(807,644)
Investment earnings (loss)	(4,667,069)	-	(4,667,069)	7,520,128
Investment and management fees	(734,687)	-	(734,687)	(668,468)
Other increases/decreases	(13,119)	-	(13,119)	(12,251)
End of year	<u>\$ 3,259,906</u>	<u>\$ 32,217,466</u>	<u>\$ 35,477,372</u>	<u>\$ 40,066,211</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events by the donors as follows for the years ended June 30, 2022:

	2022	2021
Satisfaction of purpose restrictions		
Scholarships and college support	<u>\$ 2,554,926</u>	<u>\$ 1,965,882</u>

Note 11 - Retirement Plans

California Public Employees Retirement System (CalPERS)

Plan Description

The Foundation offers eligible employees retirement benefits with CalPERS. Employees become eligible starting the first day of employment if one of the following criteria is met:

- Employee's position is full-time seasonal or limited term and is more than 6 months,
- Employee's part-time position exceeds 1,000 hours in one fiscal year,
- Employee is a member of CalPERS by previous employment (either has funds on deposit or service credit).

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The Cabrillo College Foundation pays the required employer contribution. CalPERS eligible employees contribute their required contribution. The retirement calculation for Cabrillo College Foundation employees is as follows

- 1) Full-time and part-time eligible employees (classic members as defined by CalPERS) hired prior to October 1, 2011 have a retirement calculation of 2% at 55.
- 2) Full-time and part-time eligible employees (PEPRA members as defined by CalPERS) hired on or after January 1, 2013 will have a retirement calculation of 2% at 62. PEPRA is Public Employees' Pension Reform Act.
- 3) The rates are based upon an actuarially determined rate and the actuarial methods and assumptions used for determining those rates are those adopted by the CalPERS Board of Administration.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total Foundation's contributions were \$40,733.

Section 403(b) Employee Wage and Salary Reduction Plan

The Foundation provides a payroll deduction plan under Internal Revenue Code section 403(b). Full-time and part-time eligible employees may elect to participate. Each participating employee declares an amount of pre-tax compensation to be withheld by the Foundation, who in turn deposits the withholdings into a personal tax-deferred annuity. No employer contributions are required.

Section 457 Employee Wage and Salary Reduction Plan

The Foundation also provides a payroll deduction plan under Internal Revenue Code section 457 to the Executive Director. The Executive Director may elect to participate and declares an amount of pre-tax compensation to be withheld from the Executive Director's paycheck. The withholdings are deposited into a personal tax-deferred annuity. No employer contributions are required.

Note 12 - Other Post-Employment Benefits (OPEB)

The Foundation has a defined benefit post-employment health care benefits plan that provides health care benefits to Administrators and their spouses hired on or before August 19, 2009, who retire from the Foundation upon obtaining a certain age and years of service. Currently, there are no active employees that meet these eligibility requirements. One retiree is receiving employee only post-employment health care benefits. During the fiscal year 2021-2022, the Foundation contributed \$7,377 to the OPEB Plan.

Note 13 - Restatement

During 2022, the Foundation identified misstatements within the 2021 and prior financial statements related to pension and OPEB balances that were incorrectly recorded in the financial statements. As a result, the Foundation restated its previously issued financial statements to appropriately reflect the June 30, 2021 assets, liabilities and net assets without donor restrictions.

Cabrillo College Foundation
Notes to Financial Statements
June 30, 2022
(with comparative totals for June 30, 2021)

The following is a summary of the effects of the restatement in the Foundation's June 30, 2021 Statement of Financial Position Comparative Totals:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2021			
Deferred outflows related to pension and OPEB plans	\$ 112,176	\$ (112,176)	\$ -
Total assets	47,631,645	(112,176)	47,519,469
Net pension liability	515,027	(515,027)	-
Deferred inflows related to pension plans	3,673	(3,673)	-
Other post employment benefits	160,009	(160,009)	-
Total liabilities	2,728,369	(678,709)	2,049,660
Net assets without donor restrictions	1,411,411	566,533	1,977,944
Total net assets	44,903,276	566,533	45,469,809
Total liabilities and net assets	47,631,645	(112,176)	47,519,469

The following is a summary of the effects of the restatement in the Foundation's June 30, 2021 Statement of Activities Comparative Totals:

	As Previously Reported	Adjustment	As Restated
Year Ended June 30, 2021			
Management and general	\$ 395,418	\$ (37,568)	\$ 357,850
Total program and supporting services	2,917,014	(37,568)	2,879,446
Change in net assets	10,683,638	37,568	10,721,206
Net assets, end of year	44,903,276	566,533	45,469,809

The following is a summary of the effects of the restatement in the Foundation's June 30, 2021, Statement of Functional Expenses Comparative Totals:

	As Previously Reported	Adjustment	As Restated
Year Ended June 30, 2021			
Employee benefits (Management and General)	\$ 115,668	\$ (37,568)	\$ 78,100
Employee benefits (Total Expenses)	258,888	(37,568)	221,320
Total (Management and General)	395,418	(37,568)	357,850
Total Expenses	2,917,014	(37,568)	2,879,446

The following is a summary of the effects of the restatement in the Foundation's June 30, 2021, Statement of Cash Flows Comparative Totals:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Year Ended June 30, 2021			
Cash Flows from Operating Activities			
Change in net assets	\$ 10,683,638	\$ 37,568	\$ 10,721,206
Change in operating assets and liabilities			
Net pension obligation	36,534	(36,534)	-
Other post employment benefits	1,034	(1,034)	-
Realized/Unrealized (gain)/loss on investments	-	(6,870,995)	(6,870,995)
Cash Flows from Investing Activities			
Proceeds from sale of investments	184,762	6,870,995	7,055,757

Note 14 - Subsequent Events

The Foundation's management has evaluated subsequent events through , 2023, which is the date the financial statements were available to be issued.



_____, 2023

To the Board of Directors
Aptos, California

In planning and performing our audit of the financial statements of Cabrillo College Foundation as of and for the year ended June 30, 2022 in accordance with auditing standards generally accepted in the United States of America, we considered Cabrillo College Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Cabrillo College Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies and, therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiencies in the entity's internal control to be material weaknesses:

The Foundation's prior year financial statements incorrectly included reporting the Pension and OPEB related liabilities, which are prescribed by GASB, but not by FASB. This resulted in a restatement of the financial statements as of July 1, 2020. The Statement of Cash Flows was also restated to show the realized/unrealized gain/loss. Additionally, we were requested to draft the financial statements and accompanying notes to the financial statements.

We recommend the Foundation's management review the content of the restatement and verify that controls are designed and operating effectively to ensure financial statements are properly presented in accordance to GAAP and FASB.

Management's response to the finding: The foundation began recording pension and OPEB liabilities on the financial statements in 2014 when GASB 68 was issued, as the Foundation is an auxiliary organization of Cabrillo College and it was our understanding that it was required. We understand now that we are required to report only under FASB and accept the correction to the financial statements.

This communication is intended solely for the information and use of the Cabrillo College Foundation Board of Directors, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Ramon, California

CABRILLO COLLEGE FOUNDATION
November 30, 2022 Condensed Narrative
Prepared January 19, 2023

Substantial changes to Financial Statements:

The Cabrillo College Foundation Audit was performed in August. The Audit Committee met and accepted the Audit draft on October 6, 2022 followed by the Executive Committee on October 24, 2022. November 7, 2022, we received a call from Xiupin Guillaume the audit partner informing us that our audit was pulled for review and informed us that we should be following FASB reporting guidelines and should not be reporting our OPEB and Pension liabilities in the audit or on our financial statements. We had been following the direction of the former audit partner beginning in 2014 when GASB 68 was issued, as the Foundation is an auxiliary organization of Cabrillo College and it was our understanding that it was required. We understand now that we are required to report only under FASB and have removed the pension and OPEB liabilities. We have removed those liabilities based on their direction.

(1) Balance Sheet

- **Total Assets:**
Total assets of \$43.3M are \$3.5M under prior year. This is due to the reduced value of the investments. The asset portion of Pension and OPEB liabilities removed was \$112K.
- **Receivables:**
Total pledges receivable are \$56K more than prior year.
- **Liabilities:**
Total Liabilities of \$1M are \$532K less than prior year. due to increased scholarships awarded, CAP scholarships awarded and accounts payable. Also, the removed Pension and OPEB liabilities were \$679K.
- **Net Assets:**
Total net assets of \$42.3M are \$3M less than prior year.

(2) Income Statement

- **Revenue:**
Total Revenue is \$1.3M more than prior year. Earned income is \$498K compared to the prior year balance of -\$7K. Contributed income of \$2.2M is \$1.3M higher than prior year.
- **Expenses:**
Total Expenses of \$1.3M are \$229K higher than prior year due to increased investment fees and program funding to the college.
- **Surplus/Deficit:**
As of November 30, 2022, the Cabrillo College Foundation has a \$1.4M surplus compared to prior year's surplus of \$389K.

(3) Operational Budget to Actual

- **Revenue:**
Operating revenue of \$417K is \$13K favorable vs budget. Earned income is \$64K unfavorable vs budget. Contributed income is \$77K favorable vs budget.
- **Expenses:**
Operating expenses of \$452K are \$19K favorable vs projection.
- **Surplus/Deficit:**
The operating fund deficit is \$35K.

Cabrillo College Foundation
Balance Sheet as of November 30, 2022
 With Comparative Totals as of November 30, 2021

	Operating 11/30/22 A	Nonendowed 11/30/22 B	Endowed 11/30/22 C	Total 11/30/22 D	Total 11/30/21 E
ASSETS					
CASH AND INVESTMENTS					
CASH					
SANTA CRUZ COUNTY BANK	\$73,825	(\$24,499)	\$92,338	\$141,665	\$258,949
SANTA CRUZ COUNTY BANK	(\$373,046)	\$778,538	\$846,792	\$1,252,284	\$203,367
PAYPAL	\$693	\$2,250	(\$1)	\$2,942	\$11,452
BAY FEDERAL CREDIT UNION	\$6,174	\$0	\$1,290	\$7,464	\$7,463
BAY FEDERAL CREDIT UNION	\$177,272	\$0	\$0	\$177,272	\$176,822
BROWN ADVISORY INTERMEDIATE POOL	\$949,794	\$1,122,318	\$0	\$2,072,112	\$2,269,244
BROWN ADVISORY SHORT TERM POOL	\$1,175,735	\$1,719,442	\$0	\$2,895,176	\$2,531,662
BROWN ADVISORY GIFTING	\$0	\$0	\$0	\$0	\$262,083
SUBTOTAL CASH	\$2,010,447	\$3,598,049	\$940,419	\$6,548,915	\$5,721,041
INVESTMENTS					
BROWN ADVISORY LONG TERM POOL	\$15,293	\$1,105	\$29,987,982	\$30,004,380	\$34,276,222
BROWN ADVISORY TITLE V	\$0	\$0	\$1,146,501	\$1,146,501	\$1,258,271
BROWN ADVISORY TITLE III	\$0	\$0	\$531,273	\$531,273	\$534,204
BROWN ADVISORY ESG	\$0	\$0	\$4,416,952	\$4,416,952	\$4,292,119
SUBTOTAL INVESTMENTS	\$15,293	\$1,105	\$36,082,707	\$36,099,105	\$40,360,816
TOTAL CASH AND INVESTMENTS	\$2,025,740	\$3,599,153	\$37,023,127	\$42,648,020	\$46,081,857
RECEIVABLES					
PLEDGES					
PLEDGES - UNRESTRICTED	\$11,302	\$0	\$0	\$11,302	\$6,053
PLEDGES - RESTRICTED	\$0	\$189,038	\$368,187	\$557,225	\$506,421
SUBTOTAL PLEDGES	\$11,302	\$189,038	\$368,187	\$568,528	\$512,474
ACCOUNTS RECEIVABLE					
ACCOUNTS RECEIVABLE	\$0	\$166	\$1,000	\$1,166	\$92
TOTAL ACCOUNTS RECEIVABLE	\$0	\$166	\$1,000	\$1,166	\$92
OTHER RECEIVABLES					
SPLIT INTEREST AGREEMENTS	\$29,849	\$34,188	\$9,092	\$73,129	\$91,652

Cabrillo College Foundation
Balance Sheet as of November 30, 2022
 With Comparative Totals as of November 30, 2021

	Operating 11/30/22 A	Nonendowed 11/30/22 B	Endowed 11/30/22 C	Total 11/30/22 D	Total 11/30/21 E
SUBTOTAL OTHER RECEIVABLES	\$29,849	\$34,188	\$9,092	\$73,129	\$91,652
TOTAL RECEIVABLES	\$41,152	\$223,392	\$378,279	\$642,823	\$604,218
FIXED ASSETS					
OFFICE EQUIPMENT	\$36,303	\$0	\$0	\$36,303	\$36,303
ACCUMULATED DEPRECIATION	(\$36,303)	\$0	\$0	(\$36,303)	(\$35,193)
TOTAL FIXED ASSETS (NET)	\$0	\$0	\$0	\$0	\$1,110
PREPAID EXPENSES	\$15,356	\$0	\$0	\$15,356	\$13,293
PREPAID RETIREMENT EXPENSE	\$21,094	\$0	\$0	\$21,094	\$20,298
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$0	\$0	\$0	\$0	\$40,124
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$0	\$0	\$0	\$0	\$41,841
DEFERRED OUTFLOWS- OPEB PENSION INVESTMENTS	\$0	\$0	\$0	\$0	\$30,211
TOTAL ASSETS	\$2,103,342	\$3,822,545	\$37,401,406	\$43,327,293	\$46,832,952
LIABILITIES AND NET ASSETS					
LIABILITIES					
PAYABLES AND ACCRUED EXPENSES					
ACCOUNTS PAYABLE	\$13,199	\$3,789	\$0	\$16,987	\$11,334
ACCRUED PTO	\$70,658	\$0	\$0	\$70,658	\$58,607
ACCRUED HEALTH BENEFITS	\$54,436	\$0	\$0	\$54,436	\$57,009
SECTION 125 WITHHOLDINGS	\$865	\$0	\$0	\$865	\$927
EMPLOYEE PORTION OF BENEFITS	\$26	\$0	\$0	\$26	\$19
ACCRUED RETIREE MEDICAL BENEFITS	\$0	\$0	\$0	\$0	\$160,009
UNFUNDED PERS PENSION LIABILITY	\$0	\$0	\$0	\$0	\$515,027
DEFERRED INFLOWS - PERS	\$0	\$0	\$0	\$0	\$3,673
SUBTOTAL PAYABLES, ACCRUED EXPENSES	\$139,183	\$3,789	\$0	\$142,972	\$806,604
SCHOLARSHIPS AWARDED					
CAP SCHOLARSHIPS	\$0	\$35,997	\$708,003	\$744,000	\$656,000
ENDOWED SCHOLARSHIPS	\$0	\$0	\$9,000	\$9,000	\$7,500
NONENDOWED SCHOLARSHIPS	\$0	\$57,570	\$0	\$57,570	\$65,236
SUBTOTAL SCHOLARSHIPS AWARDED	\$0	\$93,567	\$717,003	\$810,570	\$728,736
WES GRANTS PAYABLE					

Cabrillo College Foundation
Balance Sheet as of November 30, 2022
 With Comparative Totals as of November 30, 2021

	Operating 11/30/22 A	Nonendowed 11/30/22 B	Endowed 11/30/22 C	Total 11/30/22 D	Total 11/30/21 E
WES GRANTS	\$0	\$222	\$54,778	\$55,000	\$5,200
SUBTOTAL WES GRANTS PAYABLE	\$0	\$222	\$54,778	\$55,000	\$5,200
TOTAL LIABILITIES	\$139,183	\$97,577	\$771,781	\$1,008,542	\$1,540,540
NET ASSETS					
OPERATING NET ASSETS					
DESIGNATED-OPERATING RESERVE	\$867,658	\$0	\$0	\$867,658	\$541,766
DESIGNATED-PRESIDENT'S CIRCLE ENDOWMEN	\$10,000	\$0	\$0	\$10,000	\$10,000
DESIGNATED-EQUIPMENT	\$15,000	\$0	\$0	\$15,000	\$15,000
DESIGNATED-HURD TRIBUTE	\$255,759	\$0	\$0	\$255,759	\$255,759
DESIGNATED-RETIREE MEDICAL BENEFITS	\$75,003	\$0	\$0	\$75,003	\$75,003
UNDESIGNATED	\$740,739	\$0	\$0	\$740,739	\$521,297
SUBTOTAL OPERATING NET ASSETS	\$1,964,158	\$0	\$0	\$1,964,158	\$1,418,824
NET ASSETS - NONENDOWED	\$0	\$3,724,968	\$0	\$3,724,968	\$3,600,504
NET ASSETS - ENDOWED	\$0	\$0	\$36,629,625	\$36,629,625	\$40,273,083
TOTAL NET ASSETS	\$1,964,158	\$3,724,968	\$36,629,625	\$42,318,751	\$45,292,412
TOTAL LIABILITIES AND NET ASSETS	\$2,103,342	\$3,822,545	\$37,401,406	\$43,327,293	\$46,832,952
 BEGINNING BALANCE WITH CURRENT YEAR ADJUSTMENTS	 \$1,999,227	 \$3,415,086	 \$35,477,372	 \$40,891,685	 \$44,903,276
 NET SURPLUS/(DEFICIT)	 (\$35,069)	 \$309,882	 \$1,152,253	 \$1,427,066	 \$389,136
 ENDING NET ASSETS	 \$1,964,158	 \$3,724,968	 \$36,629,625	 \$42,318,751	 \$45,292,412

Cabrillo College Foundation
Income Statement by Fund as of November 31, 2022
 With Comparative Totals as of November, 2021

	Operating 11/30/22 A	Nonendowed 11/30/22 B	Endowed 11/30/22 C	Total 11/30/22 D	Total 11/30/21 E
REVENUE					
EARNED INCOME					
INVESTMENT INCOME/LOSS	(\$30,676)	\$0	\$338,514	\$307,838	(\$193,949)
FEE INCOME	\$33,432	\$0	\$0	\$33,432	\$28,505
OPERATIONAL ENDOWMENT PAYOUT	\$24,022	\$0	\$0	\$24,022	\$13,999
ENDOWMENT MANAGEMENT FEE	\$132,929	\$0	\$0	\$132,929	\$144,062
TOTAL EARNED INCOME	\$159,706	\$0	\$338,514	\$498,220	(\$7,383)
CONTRIBUTED INCOME					
RESTRICTED CONTRIBUTIONS	\$0	\$656,214	\$1,316,747	\$1,972,961	\$1,219,306
OTHER INCOME	\$1,220	\$0	\$0	\$1,220	\$140
ANNUAL FUND	\$0	\$0	\$0	\$0	\$225
PRESIDENT'S CIRCLE GIFTS	\$222,858	\$0	\$0	\$222,858	\$235,424
UNRESTRICTED GIFTS	\$22,640	\$0	\$0	\$22,640	\$7,332
INTERFUND CONTRIBUTIONS	\$0	(\$25,473)	\$25,473	\$0	\$0
IN KIND REVENUE-PROGRAM	\$528	\$8,447	\$0	\$8,975	\$5,730
IN KIND REVENUE-RENT	\$10,342	\$0	\$0	\$10,342	\$10,213
TOTAL CONTRIBUTED INCOME	\$257,589	\$639,187	\$1,342,221	\$2,238,997	\$1,478,369
TOTAL REVENUE	\$417,295	\$639,187	\$1,680,734	\$2,737,217	\$1,470,987
EXPENSES					
SALARIES & WAGES					
SALARIES & WAGES	\$226,718	\$0	\$4,720	\$231,438	\$222,814
TOTAL SALARIES & WAGES	\$226,718	\$0	\$4,720	\$231,438	\$222,814
PAYROLL TAXES, BENEFITS					
PAYROLL TAXES, BENEFITS	\$114,215	\$0	\$435	\$114,650	\$109,197
TOTAL PAYROLL TAXES, BENEFITS	\$114,215	\$0	\$435	\$114,650	\$109,197
PRINTING	\$12,649	\$0	\$0	\$12,649	\$15,864
PHOTOS	\$1,350	\$0	\$0	\$1,350	\$1,100
ACCOUNTING/LEGAL/PROFESSIONAL SERVICES	\$35,520	\$0	\$0	\$35,520	\$24,870
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$22,178	\$0	\$0	\$22,178	\$7,375
OFFICE EQUIP & MAINTENANCE					
OFFICE EQUIPMENT	\$638	\$0	\$0	\$638	\$9,803

Cabrillo College Foundation
Income Statement by Fund as of November 31, 2022
 With Comparative Totals as of November, 2021

	Operating 11/30/22 A	Nonendowed 11/30/22 B	Endowed 11/30/22 C	Total 11/30/22 D	Total 11/30/21 E
DEPRECIATION EXPENSE	\$403	\$0	\$0	\$403	\$505
SOFTWARE MAINTENANCE	\$6,443	\$0	\$0	\$6,443	\$5,734
TOTAL OFFICE EQUIP & MAINTENANCE	\$7,484	\$0	\$0	\$7,484	\$16,041
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$2,030	\$0	\$0	\$2,030	\$30
OFFICE SUPPLIES	\$1,805	\$0	\$0	\$1,805	\$1,615
POSTAGE & MAILING SERVICE	\$5,260	\$0	\$0	\$5,260	\$4,240
BOARD EXPENSES	\$521	\$0	\$0	\$521	\$28
OTHER EXPENSES					
MISCELLANEOUS	\$299	\$0	\$0	\$299	\$135
UNCOLLECTIBLE PLEDGES	\$0	\$0	\$9	\$9	\$100
MILEAGE & PARKING	\$234	\$0	\$0	\$234	\$314
INTERNET SERVICE	\$384	\$0	\$0	\$384	\$427
IT HOSTING SERVICE	\$0	\$0	\$0	\$0	\$300
BANK CHARGES	\$2,540	\$0	\$0	\$2,540	\$4,259
INVESTMENT FEES	\$3,777	\$0	\$195,152	\$198,929	\$76,284
MANAGEMENT FEES	\$0	\$0	\$132,929	\$132,929	\$144,062
DIRECTOR/OFFICER LIABILITY INS	\$1,889	\$0	\$0	\$1,889	\$1,381
LIABILITY AND PROPERTY INSURANCE	\$1,626	\$0	\$0	\$1,626	\$1,626
CYBER INSURANCE	\$1,017	\$0	\$0	\$1,017	\$754
TOTAL OTHER EXPENSES	\$11,765	\$0	\$328,090	\$339,855	\$229,642
IN KIND EXPENSE-PROGRAM	\$528	\$8,447	\$0	\$8,975	\$5,730
IN KIND EXPENSE - RENT	\$10,342	\$0	\$0	\$10,342	\$10,213
NONENDOWED PROGRAM EXPENSES	\$0	\$185,450	\$0	\$185,450	\$123,230
ENDOWED PROGRAM EXPENSES	\$0	\$0	\$62,378	\$62,378	\$89,020
SCHOLARSHIPS	\$0	\$135,408	\$132,859	\$268,267	\$220,841
TOTAL EXPENSES	\$452,364	\$329,305	\$528,481	\$1,310,151	\$1,081,851
 NET SURPLUS/(DEFICIT)	 (\$35,069)	 \$309,882	 \$1,152,253	 \$1,427,066	 \$389,136

Cabrillo College Foundation

Income Statement - Operating Budget as of 11/30/22

With Comparative Totals as of 11/30/21

	21/22 Actual 5 Months A	22/23 Actual 5 Months B	22/23 Budget 5 Months C	22/23 Actual To 22/23 Budget D	22/23 5 Mos. Actual and 7 Mos. Projected E	22/23 Annual Budget (Approved 5/9/22) F	Variance 22/23 5 Mos. Actual & 7 Mos. Projected to 22/23 Budget G
REVENUE							
EARNED INCOME							
INVESTMENT INCOME/LOSS	(\$9,600)	(\$30,676)	\$16,786	(\$47,462)	(\$17,998)	\$40,286	(\$58,284)
FEE INCOME	\$28,505	\$33,432	\$43,344	(\$9,912)	\$122,054	\$104,026	\$18,028
OPERATIONAL ENDOWMENT PAYOUT	\$13,999	\$24,022	\$23,961	\$61	\$24,022	\$23,961	\$61
ENDOWMENT MANAGEMENT FEE	\$144,062	\$132,929	\$139,813	(\$6,884)	\$552,368	\$559,250	(\$6,882)
TOTAL EARNED INCOME	\$176,965	\$159,706	\$223,903	(\$64,197)	\$680,446	\$727,523	(\$47,077)
CONTRIBUTED INCOME							
OTHER INCOME	\$140	\$1,220	\$500	\$720	\$2,000	\$2,000	\$0
ANNUAL FUND	\$225	\$0	\$0	\$0	\$0	\$0	\$0
PRESIDENT'S CIRCLE GIFTS	\$235,424	\$222,858	\$161,500	\$61,358	\$470,000	\$470,000	\$0
UNRESTRICTED GIFTS	\$7,332	\$22,640	\$8,333	\$14,307	\$22,640	\$20,000	\$2,640
INTERFUND CONTRIBUTIONS	\$1	\$0	\$0	\$0	\$0	\$0	\$0
IN KIND REVENUE-PROGRAM	\$0	\$528	\$0	\$528	\$528	\$0	\$528
IN KIND REVENUE-RENT	\$10,213	\$10,342	\$10,342	\$0	\$24,821	\$24,821	\$0
TOTAL CONTRIBUTED INCOME	\$253,334	\$257,589	\$180,675	\$76,913	\$519,989	\$516,821	\$3,168
TOTAL REVENUE	\$430,300	\$417,295	\$404,579	\$12,716	\$1,200,435	\$1,244,344	(\$43,909)
EXPENSES							
SALARIES & WAGES							
SALARIES & WAGES	\$218,449	\$226,718	\$240,197	\$13,479	\$576,473	\$576,473	\$0
TOTAL SALARIES & WAGES	\$218,449	\$226,718	\$240,197	\$13,479	\$576,473	\$576,473	\$0
PAYROLL TAXES, BENEFITS							
PAYROLL TAXES, BENEFITS	\$108,751	\$114,215	\$135,460	\$21,244	\$336,298	\$336,298	\$0
TOTAL PAYROLL TAXES, BENEFITS	\$108,751	\$114,215	\$135,460	\$21,244	\$336,298	\$336,298	\$0
ADVERTISING	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$0
PRINTING	\$15,864	\$12,649	\$9,583	(\$3,065)	\$23,000	\$23,000	\$0
PHOTOS	\$1,100	\$1,350	\$1,050	(\$300)	\$4,200	\$4,200	\$0
ACCOUNTING/LEGAL/PROFESSIONAL SERVICES	\$24,870	\$35,520	\$18,021	(\$17,499)	\$54,400	\$43,250	(\$11,150)
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$7,375	\$22,178	\$28,395	\$6,217	\$77,644	\$68,148	(\$9,496)
OFFICE EQUIP & MAINTENANCE							

Cabrillo College Foundation
Income Statement - Operating Budget as of 11/30/22
 With Comparative Totals as of 11/30/21

	21/22 Actual 5 Months A	22/23 Actual 5 Months B	22/23 Budget 5 Months C	22/23 Actual To 22/23 Budget D	22/23 5 Mos. Actual and 7 Mos. Projected E	22/23 Annual Budget (Approved 5/9/22) F	Variance 22/23 5 Mos. Actual & 7 Mos. Projected to 22/23 Budget G
OFFICE EQUIPMENT	\$9,803	\$638	\$658	\$21	\$1,580	\$1,580	\$0
DEPRECIATION EXPENSE	\$505	\$403	\$302	(\$101)	\$403	\$302	(\$101)
SOFTWARE MAINTENANCE	\$5,734	\$6,443	\$6,140	(\$303)	\$14,736	\$14,736	\$0
TOTAL OFFICE EQUIP & MAINTENANCE	\$16,041	\$7,484	\$7,100	(\$383)	\$16,719	\$16,618	(\$101)
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$30	\$2,030	\$799	(\$1,232)	\$2,030	\$1,917	(\$113)
OFFICE SUPPLIES	\$1,615	\$1,805	\$3,382	\$1,577	\$8,117	\$8,117	\$0
POSTAGE & MAILING SERVICE	\$4,240	\$5,260	\$4,385	(\$876)	\$10,523	\$10,523	\$0
BOARD EXPENSES	\$28	\$521	\$935	\$414	\$3,741	\$3,741	\$0
OTHER EXPENSES							
MISCELLANEOUS	\$135	\$299	\$292	(\$7)	\$700	\$700	\$0
MILEAGE & PARKING	\$314	\$234	\$199	(\$35)	\$795	\$795	\$0
INTERNET SERVICE	\$427	\$384	\$750	\$367	\$1,800	\$1,800	\$0
IT HOSTING SERVICE	\$300	\$0	\$0	\$0	\$10,314	\$10,314	\$0
BANK CHARGES	\$4,259	\$2,540	\$3,958	\$1,419	\$9,500	\$9,500	\$0
INVESTMENT FEES	\$5,114	\$3,777	\$2,042	(\$1,735)	\$4,900	\$4,900	\$0
DIRECTOR/OFFICER LIABILITY INS	\$1,381	\$1,889	\$1,731	(\$158)	\$4,154	\$4,154	\$0
LIABILITY AND PROPERTY INSURANCE	\$1,626	\$1,626	\$1,969	\$343	\$4,726	\$4,726	\$0
CYBER INSURANCE	\$754	\$1,017	\$784	(\$233)	\$1,882	\$1,882	\$0
TOTAL OTHER EXPENSES	\$14,310	\$11,765	\$11,724	(\$40)	\$38,771	\$38,771	\$0
IN KIND EXPENSE-PROGRAM	\$0	\$528	\$0	(\$528)	\$528	\$0	(\$528)
IN KIND EXPENSE - RENT	\$10,213	\$10,342	\$10,342	\$0	\$24,821	\$24,821	\$0
TOTAL EXPENSES	\$422,886	\$452,364	\$471,373	\$19,009	\$1,178,265	\$1,156,877	(\$21,388)
NET SURPLUS/(DEFICIT)	\$7,414	(\$35,069)	(\$66,795)	\$31,726	\$22,170	\$87,467	(\$65,297)

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Pegi Ard
SUBJECT: Revised Investment Policy Statement

BACKGROUND

In September Brown Advisory was selected as the Cabrillo College Foundation's new investment advisor. As part of the process of starting with new advisors, the Investment Policy Statement (IPS) was reviewed. A subcommittee of four Finance and Investment Committee members was formed and met several times with Brown Advisory to update the IPS prior to Finance and Investment Committee approval.

Here is a recap of the major changes made to the IPS:

- Merged our long term portfolio and Environmental, Social, And Governance (ESG) portfolio into one portfolio (**Long-Term Sustainable Endowment**) that will be invested with ESG principles. ESG is a framework that helps stakeholders understand how an organization is managing risks and opportunities related to environmental, social, and governance criteria.
 - The Committee believes (ESG) factors will impact the long-term financial success of its investments. The Committee supports the practice of integrating ESG factors with other conventional financial analytical tools as part of the investment decision making process and to improve long term risk-adjusted returns. Material ESG factors are important considerations when evaluating long-term investment opportunities and risks for all asset classes, public and private markets.
 - Expanded on the background and definition of ESG.
 - Moved ESG language to the main portion of the IPS, so that it applies to all Foundation assets.
 - Updated exclusionary screens to remove Nuclear Power and add in definition around measurement.
 - Better aligned our investment principals with the values of the college and foundation without impacting performance.
- Updated the roles and responsibilities to expand the language for an Investment Advisor.
- Established policy for monitoring portfolio investment and performance.
- Determined asset class targets.
- Expanded the investment objectives and allocation guidelines.

Attached is the revised Investment Policy Statement.

RECOMMENDED MOTION

The Finance and Investments Committee and Executive Committee recommends that the Board of Directors approves the revised Investment Policy Statement.



CABRILLO COLLEGE FOUNDATION

February 14, 2023

DEDICATED CLIENT TEAM

Cabrillo College Foundation



We believe that organizations deserve a trusted partner when they select an investment advisor. Commitment to performance, creative strategic advice and the highest levels of service are all essential components of our solution, as we believe that all three are needed to help our clients accomplish their goals.

PERFORMANCE

We help your organization navigate today's complex markets to achieve your investment goals.



Meredith Shuey Etherington
Portfolio Manager
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+1-415-926-7307



Anders Peterson
Portfolio Analyst
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+1-415-926-7308

ADVICE

We serve as your advocate and partner, helping you address a wide range of strategic challenges.



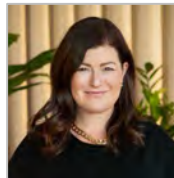
Amy Seto, CPA
Endowments & Foundations
Senior Advisor
aseto@brownadvisory.com
+1-667-219-2677

SERVICE

We pledge to serve you with proactive attention, clear communication and confidentiality.



Stephanie Strickland
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+1-415-926-7301



Sarah Richardson
Director of Client Engagement,
Endowments & Foundations
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+1-512-865-4037

**Additional
Resources**

Compliance

Technology

Operations

Investment
Solutions
Group (ISG)

Equity
Research

Fixed
Income
Research

Strategic
Advisory

Reporting

Trading

Endowments and Foundations Clients

- \$11.2 billion of assets under management for Endowments and Foundations
- Serve as a trusted investment and strategic partner to purpose-driven organizations
- Representative clients include private foundations, community foundations, arts and cultural institutions, educational institutions, and religious organizations
- Deep history of mission-aligned investing on behalf of clients
- Strategic advisory capabilities serve as an extension of our clients' staff and board

Brown Advisory is a global investment and strategic advisory firm.

Our energy is dedicated to delivering first-class investment performance, creative and thoughtful strategic advice, and the highest level of service.

1998

The year Brown Advisory became a private and independent firm, via a buyout led by our management and investment teams.

Global and Local

Presence in the United States, Europe and Asia gives us a diverse perspective for building comprehensive investment solutions.

Private ownership

Each colleague at every level owns equity in the firm—comprising 70% of all outstanding shares. No one shareholder owns greater than 5%.

99% client retention

Average annual percentage of clients we have retained over the past 10 years, as of June 30, 2022.

Client asset and colleague data as of June 30, 2022 unless otherwise noted. Client retention data as of June 30, 2022. Brown Advisory entities included are: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Trust Company of Delaware LLC, Brown Advisory Securities LLC, Brown Advisory Investment Solutions Group LLC, Brown Advisory Ltd, NextGen Venture Partners LLC and Signature Family Wealth Advisors. Please see the end of this presentation for important disclosures and a note regarding assets.

By emphasizing a **long-term investment horizon** and staying patient, we can compound returns at higher rates to ensure non-profit assets last through perpetuity.



Focus on Fundamental Research

We invest in what we know and understand. We are fundamentally-oriented investors and think about the investment landscape more from a bottom-up perspective than a top-down or macro view.



Alignment of Interests

We align ourselves with our clients and identify investment managers who share our alignment.



Disciplined Process

We have cultivated a disciplined investment process to help produce consistent results and provide guideposts during periods of market turbulence.



Willing to be Opportunistic

When we identify mis-pricings in the market or during periods of market stress, we make tactical shifts in the portfolio that help drive long-term growth.

Our approach to sustainable investing seeks to achieve returns on capital and mission-alignment through an intentional four-step journey. The outcome of our discipline is competitive financial performance and positive impact.



Why it matters.

Sustainable investing is one way we strive to meet the dynamic and long-term goals of our clients. Sustainable investing:

/ 1 / Considers investment strategies and managers that integrate a focus on ESG factors as a means **to drive returns**.

/ 2 / **Aligns** our clients' investment programs and policies with their "**mission**."

/ 3 / Can enhance returns while driving **better societal outcomes at the same time**. This combination of benefits, in our view, offers a compelling value proposition to nearly any investor.

ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions. Investments may be available for accredited investors and qualified purchasers. Please see the end of this presentation for important disclosures.

Our strategic advisors are actively involved and engaged in the communities they live in. They serve in leadership roles and as volunteers across multiple nonprofits. This perspective allows them to better understand the needs of endowments and foundations while providing insight to help solve the most pressing organizational and long-term challenges nonprofits face.

How we work with Endowments and Foundations

- Advise on **governance**
- Design and implement **mission-aligned investing** strategies
- Share appropriate **organizational spend rates**
- Provide guidance on **legal compliance**, including:
 - Fiduciary duties and responsibilities
 - Noninvestment risk management

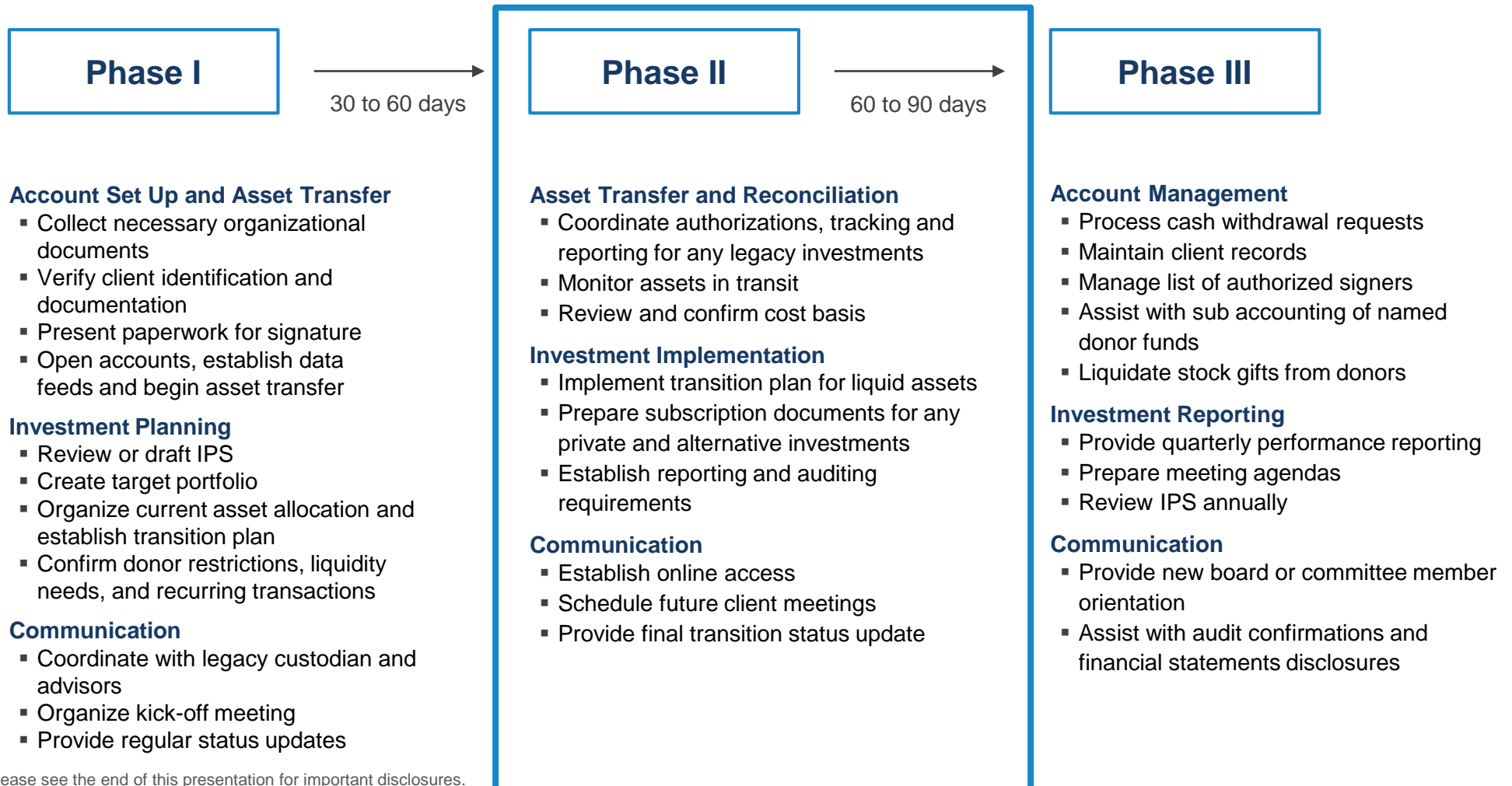
How we work with Universities and Colleges

- Conduct **scenarios analyses** on spend rate, endowment asset allocation, short-term reserve and operating budget
- Advise on **unitized** fund accounting, **stewardship** reporting and **scholarship** best practice
- Provide guidance on **philanthropic financing**, **bond issues**, **line of credit** and other debt obligations



WHAT TO EXPECT FROM US

With absolute **discretion** and **confidentiality**, we establish new accounts with the custodian of your choice. We **seamlessly** transfer your assets into the proper accounts and ensure **accurate** documentation. We **learn** what we can about you to build a successful onboarding and long-term relationship.



APPENDIX

Endowments & Foundations

ENDOWMENTS & FOUNDATIONS INVESTMENT TEAM

LEADERSHIP



PAUL CHEW, CFA
Chief Investment Officer, Portfolio Manager

- J.P. Morgan
- Duke University, MBA; Mount St. Mary's University, BA



BRIGID PETERSON, JD
Head of Endowments & Foundations Business

- Legg Mason Wood Walker, Inc., Kallina & Associates
- University of Maryland School of Law, JD; Connecticut College, BA

STRATEGIC ADVICE AND CLIENT SERVICE



AMY SETO, CPA
Endowments & Foundations Senior Advisor

- Baltimore Community Foundation
- Johns Hopkins University, MBA; Rutgers University, BA



SARAH RICHARDSON
Endowments & Foundations Director of Client Engagement

- D.E. Shaw Group, Blackhaw Associates
- University of California at Irvine, MFA; Cornell University, BA

INVESTMENT TEAM



ADELA SKENDERASI, CFA
Portfolio Manager

- International Monetary Fund, Bank for International Settlements
- Virginia Polytechnic Institute and State University, MBA



ALI BAYLER, CAIA
Portfolio Manager

- Spider Management Company, Global Law Firms; WST Asset Mgmt.
- Johns Hopkins Carey Business School, MBA; University of Virginia, BA



BRANDON PARRISH, CFA, CAIA
Portfolio Manager

- NEPC, BNY Mellon, State Street
- Boston College, MS; Roger Williams University, BS



ERIKA PAGEL
CIO of Sustainable Investing, Portfolio Manager

- Silver Bridge Advisors
- Balyasny Asset Management
- MFS Investment Management
- Hartwick College, BA



GLENN STOTTS, CAIA
Portfolio Manager

- Meritage Capital, The University of Texas Investment Management Company, Merrill Lynch
- University of Texas at Austin, MBA; Northwestern University, BA



JAMES DUGAN, CFA
Portfolio Manager

- Cavanaugh Capital Management, USF&G
- Loyola University Maryland, MBA; Loyola University Maryland, BA



JAMES STIERHOFF
Portfolio Manager

- Loyola University Maryland, MBA; Towson University, BA



JANE KORHONEN, CFA
Portfolio Manager

- Howard Hughes Medical Institute
- Northwestern University, Kellogg School of Management, MBA; Denison University, BA



JORDAN WRUBLE
Head of the Investment Solutions Group

- Hutchin Hill Capital, Lehman Brothers, Sagamore Hill Capital
- Harvard Business School, MBA; Stanford University, AB



MEREDITH SHUEY ETHERINGTON
Portfolio Manager

- Litman Gregory Asset Management, Goldman Sachs
- University of Maryland – Robert H. Smith School of Business, MBA; Vanderbilt University, BS



TAYLOR GRAFF, CFA
Head of Asset Allocation Research

- Cavanaugh Capital Management
- Loyola University Maryland, BS



THAD GLOWACKI, JD
Portfolio Manager

- Edgehill Endowment Partners, Mangham Associates
- University of Virginia School of Law, JD; Dartmouth College, BA

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As of March 31, 2022, Brown Advisory had approximately \$138.8 billion in client assets for the following entities: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Securities LLC, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware, LLC, Brown Advisory Investment Solutions Group LLC, NextGen Venture Partners LLC and Signature Financial Management Inc.

Past performance is not indicative of future results.

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The performance results shown herein exclude cash and include all underlying manager (management and performance) fees and expenses and the reinvestment of dividends and other earnings. They are net of any Brown Advisory Investment Solutions Group, LLC (the "firm" or "BAISG") management fees, unless otherwise noted. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, is not a full or complete summary or statement of all available data, and is subject to revision. The information in this document has not been independently reviewed or audited by outside certified public accountants. The information, including past performance data, is not intended to be a forecast of future events and is not indicative of or a guarantee of future results or future performance. The views expressed are those of the author and BAISG as of the dates referenced and are subject to change at any time based on market or other conditions. These views may not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. The views or information provided in this material should not be considered a recommendation or suggestion to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients.

An offer to invest in the Funds will be made only by means of a confidential private offering memorandum or similar offering document containing a description of the material terms (including risk factors, conflicts of interest, fees and expenses, and tax considerations) relating to such fund. Prospective investors should review the confidential private offering memorandum or similar offering document, including the risk factors, before making a decision to invest.

This information contains BAISG's expectations regarding the composition of the Fund, which are based on management's beliefs and assumptions based on information provided to management. Although BAISG believes these expectations are reasonable, we can give no assurance that these expectations will prove correct. We undertake no obligations to publicly update or review any information, whether as a result of new information, future developments or otherwise.

The investment program of each of the Funds is speculative and involves a high degree of risk. The Funds may use substantial leverage that can increase the risk of loss. Certain Funds may invest in illiquid securities that will be "designated investments". The Funds' performance may be volatile. There can be no assurance that any Funds' investment objectives will be achieved. The Funds' management fees, incentive allocations, and other expenses may offset or exceed trading profits. An investor could lose all or a substantial amount of his or her investment in the Funds. The Funds have limited liquidity, and interests in any designated investments must be held until such investments are liquidated. No secondary market for interests in the Funds is expected to develop, and there are restrictions on an investor's ability to withdraw and transfer interests in the Funds. The Fund manager has total trading authority over the Funds.

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INVESTMENT POLICY STATEMENT

OBJECTIVES & GUIDELINES

**Board of Directors
Approved May 11, 2021**

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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 Investment Policy Statement (“IPS”) reflects the investment policy, objectives, and constraints of the Cabrillo College Foundation. The assets of the Foundation shall be invested to preserve in real terms its purchasing power and maximize the total rate of return over the long-term, while providing a relatively consistent stream of earnings to support the Cabrillo College. In general, the purpose of this IPS is to guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific as to be meaningful, yet flexible enough to be practical.

Purpose of This Investment Policy Statement

This Investment Policy Statement 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 the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
6. Offer guidance and limitations to the Investment Advisor regarding the investment of Foundation assets.
7. Establish a basis for evaluating investment results.

Charitable Fund Types:

The Foundation’s investments include both endowed and non-endowed assets, each can be donor restricted or unrestricted.



For endowed assets, regardless of purpose restriction, the Foundation's time horizon with respect to these assets will be of a perpetual duration with an outlook of beyond 5 years. Such gifts or funds shall be invested in the Long-Term Portfolios, and follow the Spending Policy set forth by the Foundation.

For non-endowed assets, the Foundation's time horizon with respect to these assets will depend on the timeframe that spending will occur.

- For gifts or funds that are expected to be expended in less than 12 months, such assets shall be invested in the Short-Term Portfolio
- For gifts or funds that are expected to be expended between 1 to 5 years, such assets shall be invested in the Intermediate-Term Portfolio

The Board of the Foundation may choose to designate non-endowed, unrestricted assets to serve as long-term reserves and follow the Spending Policy set forth by the Foundation. Such gifts or funds shall be invested in the Long-Term Portfolios.

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 Advisor;
 - 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. Making recommendations to the Board on other fiscal policies and procedures;
 - g. Carrying out a performance review of the Investment Advisor every 5 years, or earlier if conditions warrant, and determine the desire to entertain having other Investment Advisors submit proposals to manage the Cabrillo College Foundation investments;
 - h. Carrying out an annual review of the Investment Policy Statement to assure continued relevance of the guidelines, objectives, financial status and capital markets

expectations as established in this Investment Policy Statement.

2. Investment Advisor. Specific responsibilities of the Investment Advisor include:
 - a. Assist the Finance and Investment Committee in establishing investment policy, objectives, and guidelines.
 - b. Direct asset allocation and select funds/Investment Managers on a discretionary basis to execute on the strategy of the investment program, subject to the guidelines and limits of this policy, and review such managers quarterly.
 - c. Rebalance the portfolio to maintain the target asset allocation within the ranges described in this Investment Policy Statement. Cash inflows and outflows shall be used to assist in the rebalancing of assets to the target mix.
 - d. Monitor and report investment performance and portfolio risks.
 - e. Report to the Finance and Investment Committee on a regular basis.
 - f. Maintain frequent and open communication on significant matters pertaining to the Investment Policy, including, but not limited to, the following:
 - Major changes in the Investment Advisor's investment outlook, investment strategy, investment process, subadvisors or portfolio structure;
 - Significant changes in its ownership structure or key portfolio managers;
 - Distributions, size and frequency, scheduled and/or ad hoc.
 - g. Comply with this Investment Policy Statement.
 - h. Educate the Finance and Investment Committee and Board on fiduciary matters.
 - i. Other tasks as deemed appropriate.
3. Investment Manager. Investment Managers have discretion to purchase, sell, or hold the specific securities that will be used to meet the Foundation's investment objectives. 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. 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 person 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 Investment Policy Statement. 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 Advisor with an estimate of expected net cash flow. The Finance and Investment Committee will notify the Investment Advisor 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. Therefore,

investment strategies or vehicles that require longer than three (3) months to liquidate will require Finance and Investment Committee approval.

- **Transparency**
The Foundation shall only invest in alternative investments which provide sufficient transparency into the investment decision-making process and any expenses.
- **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 Advisor and Finance 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

While the Foundation may consider professionally managed strategies that include one or more of the following, direct investment in the following investment or transaction types are prohibited:

1. Private Placements
2. Direct investment in venture-backed private companies
3. Derivative Investments (except as described above)
4. Non traded REITs
5. Short Selling (except within alternative investments)
6. Margin Transactions
7. Investments based on algorithmic trading where there is a lack of access to the internal

workings or parameters of functions of the model. These type of investment strategies are sometimes referred to as black box models.

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, except the U.S. government, 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.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”) AND MISSION-ALIGNED CONSIDERATIONS

The Finance and Investment Committee believes the consideration of material Environmental, Social and Governance (ESG) factors will impact the long-term financial success of its investments. The Finance and Investment Committee supports the practice of integrating ESG factors with other conventional financial analytical tools as part of the investment decision making process and to improve long term risk-adjusted returns. Material ESG factors are important considerations when evaluating long-term investment opportunities and risks for all asset classes, public and private markets.

The Finance and Investment Committee expects the investment managers to consider ESG factors such as climate change, natural resources, pollution and waste, human capital, product safety, social opportunity, corporate governance and ethics along with a range of other potential factors in order to assess the expected performance and risk of the investments over time. Integrating ESG factors into the evaluation process does not mean that ESG information is the sole consideration for an investment decision; instead the investment managers are expected to evaluate a variety of financial and non-financial factors, which can include ESG considerations, to make investment decisions. It is expected that by increasing the information assessed, the investment management teams are able to generate a more holistic view of an investment, which will generate opportunities to enhance returns and reduce risk.

Engagement

Engagement with companies, bond issuers and related stakeholders to improve the sustainability of their business practices can generate a greater ESG impact than simply excluding companies and issuers with poor ESG metrics. The Finance and Investment Committee seeks investment managers that will engage with companies and bond issuers to encourage strategic and operational improvements, promote transparency, defensively identify risks and encourage companies/issuers to responsibly manage them, and promote action on material and salient ESG issues.

Exclusionary Screens

The Finance and Investment Committee understands that applying values-based constraints to the

portfolio may decrease returns and /or increase risk over time. In addition to integrating ESG factors into the investment management process, the Foundation will look to minimize investments in controversial business practices, industries and products to provide additional values-alignment. The Foundation will measure its public equity exposure in these controversies versus the MSCI All-Country World Index, with a goal overtime to hold equal or less of these investments than the market index.

- Target controversial business practices, industries and products: Alcohol, Firearms, Tobacco, Military Weapons, Gambling, Adult Entertainment, 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.)

MONITORING PORTFOLIO INVESTMENTS AND PERFORMANCE

The Finance and Investment Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency decided by the Finance and Investment Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

- A. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:
 1. The Portfolio's absolute long-term real return objective.
 2. A composite benchmark consisting of the following unmanaged market indexes weighting according to the expected target asset allocations stipulated by the Portfolio's investment guidelines.
 - a. Global Equities: MSCI All-Country World Index
 - b. Fixed Income: Barclays Capital U.S. Aggregate Bond Index
 - c. Cash: Citigroup 3-Month T-Bill Index
- B. The performance of investment managers will be judged against the following standards:
 1. A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.
 2. The performance of other investment managers having similar investment objectives.
- C. In keeping with the Portfolio's overall long-term financial objective, the Finance and Investment Committee will evaluate the Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.

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

**The Investment Policy Statement was revised and approved by the Board of Directors
May 11, 2021.**



APPENDIX A - LONG-TERM SUSTAINABLE ENDOWMENT

Time Horizon

The Long-Term Sustainable Endowment (the “Portfolio”) is intended for endowed funds and donor funds with long-term (5+ years) spending plans.

Investment Objectives and Spending Policy

1. The Long-Term Sustainable Endowment assets are to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the College.
2. For the purpose of making distributions, the Foundation shall make use of a total-return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.
3. The distribution of Foundation assets will be permitted to the extent that such distributions do not exceed a level that would erode the Foundation’s real assets over time. The Finance and Investment Committee will seek to reduce the variability of annual Foundation distributions by factoring past spending and portfolio asset values into its current spending decisions. The Finance and Investment Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Foundation’s spending policy, its target asset allocation, or both.
 - 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. This policy provides for more consistent and predictable spending for the programs supported by the Foundation and has the benefit of mitigating extreme market outcomes.
 - To meet the target distribution rate of 4% and preserve the long-term, real purchasing power of assets, the Endowment will seek a 7% - 8% target return (*4.0% distribution rate + CPI + 1.5% management fee. The average U.S. inflation rate as measured by CPI over the last 30 years is 2.5%*).
4. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined.

Asset Allocation Guidelines

1. The Finance and Investment Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial assets and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
2. The Finance and Investment Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Finance

and Investment Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Foundation, to the assumptions underlying the Foundation spending policy, and/or to the capital markets and asset classes in which the Portfolio invests.

3. The Portfolio will be managed as a balanced portfolio.

The expected role of Portfolio equity investments will be to maximize long-term real growth of Portfolio assets. Equity investments will be selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry, and market capitalization. The role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments. As a result, both credit quality and preservation of principal are a core emphasis of this allocation.

Investments in alternatives include, but are not limited to, enhancing diversification through less-market-dependent strategies, seeking positive absolute rates of return regardless of the general direction of equity and fixed-income markets, and reducing risk. Investments in alternatives may include hedge funds through direct placement, fund of funds and/or the secondary market. Private investments are defined as investments that do not have redemption provisions and distribute capital back to the Portfolio as underlying investments are sold. Private Investments may consist of private equity (i.e. venture capital, growth equity or buyout), real estate and/or private credit. The purpose of allocating to illiquid investments is to provide a meaningful inflation hedge and higher return than is often attainable in the public markets.

4. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Foundation liquidity needs or to facilitate a planned program of dollar-cost averaging into investments in either or both equity and fixed income asset classes.

- a. Cash Reserves, as needed annually for Foundation operating expenses, should be kept in a separate account and managed separately from the asset allocation set forth in this policy.

5. Outlined below are the long-term strategic asset allocation guidelines, determined by the Finance and Investment Committee to be most appropriate, given the Foundation's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines.

	Target %	Minimum %	Maximum %
Cash and Cash Equivalents	5%	0%	10%
Fixed Income	20%	15%	40%
Global Equities	65%	55%	85%
U.S. Equities	40%	25%	65%
International Equities	25%	15%	40%
Alternatives	10%	0%	20%

6. The composite benchmark will consist of the following unmanaged market indexes and weights:
 - a. 70% Global Equities: MSCI All-Country World Index
 - b. 25% Fixed Income: Bloomberg U.S. Aggregate Bond Index
 - c. 5% Cash: Merrill Lynch 0-3 Month U.S. Treasury Bill Index



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 and Treasury Bills.

Asset Allocation Guidelines

	Target %	Minimum %	Maximum %
Cash and Cash Equivalents	100%	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

	Target %	Minimum %	Maximum %
Cash and Cash Equivalents	0%	0%	50%
Fixed Income	100%	50%	100%



APPENDIX D – 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 Investment Policy Statement, 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.

Given the size of this portfolio, it is expected that only liquid alternative investments, in the form of a mutual fund or exchange-traded fund, will be used.

Asset Allocation Guidelines

	Target %	Minimum %	Maximum %
Cash and Cash Equivalents	5%	0%	15%
Fixed Income	65%	50%	80%
Global Equities	30%	15%	45%
U.S. Equities	18%	5%	25%
International Equities	12%	5%	25%
Alternatives	0%	0%	10%

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 Investment Policy Statement. 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 E – 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 Investment Policy Statement, 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.

Given the size of this portfolio, it is expected that only liquid alternative investments, in the form of a mutual fund or exchange-traded fund, will be used.

Asset Allocation Guidelines

	Target %	Minimum %	Maximum %
Cash and Cash Equivalents	5%	0%	15%
Fixed Income	65%	50%	80%
Global Equities	30%	15%	45%
U.S. Equities	18%	5%	25%
International Equities	12%	5%	25%
Alternatives	0%	0%	10%

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 Investment Policy Statement. 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.



MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Rachael Spencer
SUBJECT: Scholarship Program

Our annual year-end scholarship solicitation letters were mailed to over 700 donors before the holiday break in December. Committee members added personal notes to the letters for some of our scholarship donors, thanking them for their support. Student thank you letters were included with the scholarship solicitation. As of Feb 6, 2023, we have received nearly \$280,000 in scholarship support from our donors in response to this mailing.

Scholarship committee members serve as community ambassadors for our scholarship program. Committee members include: Rachael Spencer (Chair), Claire Biancalana, Jess Brown, Ceil Cirillo, Virginia Coe, Karen Cogswell, Kathryn Cowan, Linda Downing, Jan Furman, Rich Hart, Adele Miller, Corinne Miller, Cory Ray, Julie Thiebaut, Rachel Wedeen and Jill Wilson



Coming to California with hardly any educational background, my parents' only opportunity towards economic stability was agriculture, more specifically picking raspberries. As a child I could see the financial hardships my parents were experiencing from living in crowded apartments, to renting a home with multiple families, to losing our home during the financial crisis that hit America in 2008. It had become evident that their expectations of me were to achieve the much-desired American Dream.

Through my job as an Instructional Assistant for Special Education, I have learned about the dire need for teachers in this community and the great impact one can make on students at a young age. This has led me towards my choice of career: teaching. My parent's limited education was due to financial necessity in a country that was filled with poverty. In this country students are given equal opportunity for success and I intend to help them achieve it by tearing down learning barriers. My future calls for an Educational Specialist to help make a greater change within my culture and this community.

I will be transferring to CSUMB this Spring 2023 to continue my career as an educator, and this scholarship will help me gain much needed financial stability. I am very thankful for the Dr. Linda G. Wisher Memorial Endowed Scholarship for believing in me.

-Maria R.
(2022 Scholarship Recipient)

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Rachael Spencer
SUBJECT: Increase Named Nonendowed Scholarship Minimum to \$5,000

BACKGROUND

Donors who would like to establish a scholarship that is named in honor/memory of someone with their own specific criteria may choose from the options below when establishing a scholarship:

Endowed Named Scholarship

With a minimum gift of \$15,000, donors may establish and name a permanent endowed scholarship and work with foundation staff to develop specific selection criteria.

Nonendowed Named Scholarship

A nonendowed scholarship may be established with a minimum gift of \$2,000. Donors may choose the scholarship name and work with foundation staff to develop the selection criteria. Once the funds have been depleted, donors may renew their support to continue the scholarship. There is a 5% fee on gifts of \$15,000 or more for the administration of the scholarship.

For 15 years, the minimum to establish a named nonendowed scholarship has been \$2,000, which can be pledged over 4 years (\$500/year). Foundation staff met with the Scholarship Committee in November 2022 to discuss increasing the named nonendowed scholarship minimum to \$5,000 for the following reasons:

1. For the last few years, named nonendowed scholarship donors have been giving more than the \$2,000 minimum to establish new scholarships.
2. Administrative work to set up individual named scholarships on the front end is substantial (establish a new fund, set up criteria, system of awarding, work with financial aid). A larger investment means the scholarship will last longer and allow for more time to create a deeper donor connection and opportunities for stewardship.
3. With the cost of living increasing, a larger scholarship award will go farther in helping students stay on track.

Attached is an outline of the Cabrillo College Foundation Scholarship program, award cycle, and scholarship giving options.

RECOMMENDED MOTION

The Scholarship Committee and Executive Committee recommends that the Board of Directors approves increasing the named nonendowed scholarship minimum to \$5,000.

CABRILLO COLLEGE SCHOLARSHIP PROGRAM

The Cabrillo College Foundation administers a robust scholarship program, which distributes funds annually to academically promising students, as well as students with financial need.

While Cabrillo is affordable for many students, rising textbook prices and the high cost of living in Santa Cruz County can be huge financial obstacles. Scholarships help alleviate some of these burdens, helping our students reach their educational goals.

Scholarships also help students plan for their future — knowing that they have financial support can encourage them to stay enrolled and gives them hope during challenging times.

During the 2021-22 fiscal year, we awarded over **\$1.6 million in scholarships to 1,558 students.**

SCHOLARSHIP AWARD CYCLE

Students apply for scholarships at Cabrillo through one application we call the “General Scholarship Application.” Once the application deadline passes, a group of volunteer Cabrillo staff and faculty review and score applications. Recipient selections are finalized by the Financial Aid office according to the established criteria.

November:	The General Scholarship Application opens and students are encouraged to apply.
February:	Deadline to apply for the General Scholarship Application.
March:	Scholarship Selection Committees review and score applications.
April:	Recipient selection is finalized by the Financial Aid Office.
May:	Recipients are notified by mail/email that they have been selected. Students receive information regarding scholarship fund distribution.
Summer:	Donors are notified of the recipient(s) selected to receive their scholarship. Due to student confidentiality, we are unable to share scholarship recipient contact information.
August:	Students receive scholarship funds upon verification of any specific scholarship requirements.
December:	Students often write a thank-you notes, which will be sent to the donors by the Cabrillo College Foundation.

SCHOLARSHIP OPTIONS

As a scholarship donor, you can choose from the options below when establishing a new scholarship.

Endowed Named Scholarship

With a minimum gift of \$15,000, you may establish and name an endowed scholarship and work with foundation staff to develop specific selection criteria. The corpus of an endowment remains intact, while the earnings are awarded each year in perpetuity. Our spending policy is a 4% distribution over 12 trailing quarters. A minimum of \$14,000 will be placed in the historical gift fund and a minimum of \$1,000 will be reserved for immediate scholarship award disbursement for the first two years while the endowment is building earnings. Depending on the fluctuations of the stock market, a \$14,000 endowment will produce a \$500 scholarship award annually.

Nonendowed Named Scholarship

A nonendowed scholarship may be established with a minimum gift of \$5,000. A minimum scholarship award of \$1,000 each year must be awarded. You may choose the scholarship name and work with foundation staff to develop the selection criteria. Once the funds have been depleted, donors may renew their support to continue the scholarship. There is a 5% fee on gifts of \$15,000 or more for the administration of the scholarship.

General Scholarship Endowment

Donors may contribute to the general scholarship fund to support students. Donations may be made in memory or honor of someone. If there is a family member to notify of the gifts received in honor or memory of someone, we will notify them. There is no minimum and there is not an option to name a scholarship or develop criteria.

JOIN US!

The Cabrillo College Foundation staff are excited to help you establish a meaningful scholarship fund that will have a tremendous impact on the lives of the recipients. We are available guide you in creating selection criteria for your scholarship that is both important to you and in line with Cabrillo's mission and values.

For more information, contact:

Eileen Hill, Executive Director

eihill@cabillo.edu

831-479-6458

Caitlin Bonura, Development Officer

cbonura@cabrillo.edu

831-479-6338



Board of Trustees Report, January 9, 2023
Matt Wetstein

Enrollment Report as of January 3, 2023

I am pleased to report that enrollment for spring 2023 classes is going strong. As of January 3, the day to day comparisons indicate that enrollment will be up by around 14% if current trends hold steady. The enrollment growth is happening across virtually all divisions (see the table below). Many thanks to the staff throughout the college that are working to get folks registered, and to the faculty and deans for building a schedule that is bringing students back to the college.

Division	FTES	% Increase
ACCESS (Counseling & Guidance classes)	13.01	+24.6
Business, English & Language Arts	390.28	+14.9
Humanities and Social Sciences	541.43	+13.9
Health, Athletics, Wellness & Kinesiology	174.70	+0.7
Library Classes	28.20	+49.1
Natural and Applied Sciences	722.55	+12.6
Visual and	334.00	+22.1
TOTAL	2204.17	+14.0

Good News - Federal Appropriations for Cabrillo College Projects - \$165,539

Last March, the college put in an application for two community project funding requests through the office of U.S. Rep. Jimmy Panetta. The projects included furniture, computers and equipment to help outfit a renovated science lab in the Watsonville Center, and for furniture and computers in the renovated Student Equity Center in Aptos (Room 913). Congressman Panetta selected the proposals for community project funding through the US Department of Education. When Congress passed the Omnibus Appropriations Bill two weeks ago, the Cabrillo projects were both included for funding (just over \$165,000 in direct support to the college). The bill was signed by President Biden just before the end of the year. We will be hearing soon about the appropriations.

This funding is the result of great work by our legislative advocacy committee and stems from the solid relationship we have built with Congressman Panetta and his terrific staff. Kudos to board members for helping to foster this relationship, and to Serina Eichelberger, Dave Reynolds, and Amy Lehman-Sexton for their assistance in pulling data together to make these requests.

Late November-December Community Events and Happenings

December was a whirlwind of activity. Besides the solar parking project launching in a real way (see the photo on the next page for proof of installed power panels), I attended two important conferences related to CCC operations. First, Student Trustee Devine Hardy joined me in attending the CCLC annual convention in Burlingame in late November. We learned a lot over two and half days and got to break bread a few times...we are so blessed to have Devine as a student representative. The following week I attended the Real College California Basic Needs Summit which was programmed to coincide with the statewide Housing and Affordability Task Force meeting. Then on December 12, Cindy and I flew to Israel to attend a three-day conference on judicial behavior at the Hebrew University of Jerusalem. We tacked on some vacation days to be able to walk the historic sites, then relax beachside in Tel Aviv. My vacation

ended with a rainy drive back to La Selva Beach, where I discovered that the recent storm had knocked down a tree just 100 yards from my home. After about 45 minutes of debris removal and hauling limbs to the side of the road, I was finished with my work-out for the day!



The solar parking lot project is under way at Cabrillo (behind VAPA); A photo from Jerusalem; Storm damage near my home on Dec. 30, 2022

In the table below are some of the events and activities I have been involved with since November 14, 2022.

College Events, Meetings and Visits	Community Events and Visits
Legislative Advocacy Committee, 11/15	Central Coast K-16 Planning Meeting, 11/16
Transgender Day of Remembrance, 11/15	SC Sentinel Editorial Board, 11/16
Faculty Senate, 11/15	CCLC Annual Conference in SF, 11/17 to 11/19
Meeting with Grant Directors, 11/15	Aptos Rotary Roast of Willy Elliott-McCrae, 11/18
Dinner with Carrie Mulcaire, 11/15	Dept of Ed – Everardo Gil – Title V, 11/22
Guided Pathways Meeting, 11/16	Foundation Holiday Party, 12/2
College Planning Committee, 11/16	Region 6 CEO Meeting, 12/5
President’s Roundtable, 11/16	SC Symphony Education Committee, 12/5
Guided Pathways Exec Advisory Meeting, 11/28	Ron Duncan, Soquel Creek Water District, 12/5
Interviews for ASC Counselor, 11/30	ACCJC Standards Review Committee, 12/5
John Escobedo Meeting, 12/2	Second Harvest Food Bank, 12/7
Ann Endris, 12/5	Aptos Chamber of Commerce, 12/8
Adam Spickler & B. Olin re: BOT Agenda, 12/5	Basic Needs Conference, 12/8 to 12/9
College Planning Committee, 12/7	CCC Affordability Task Force Meeting, 12/8
Ugly Sweater Contest, 12/7	Oxford Conference on Judicial Behavior, 12/14-16
Dinner with Adam Spickler, 1/3	Dinner with Larry Samuels, 1/4
	Cal OSHA Training, 1/4
	VA CC College Name Change Discussion, 1/4
	Lookout Media Interview, 1/5
	JLL Housing Application Meeting, 1/5
	Coffee with Jim Baker, 1/6
	IEPI Partnership Training, 1/6

Executive Director Report: February 2023

Administration

- Cabrillo Rename: connecting with donors 1:1
- Investment Advisor transition
- Finalizing Audit
- Board Recruitment/ Nominating Committee
- Faculty and Staff Grants awards completed: \$126,646 awarded
- Annual Report: 8580 mailed with an additional 113 sent with personal note
- Awarded 89 students a total of \$70,000 in WES and Emergency Grants within days of request (fall semester)
- Annual Report: 8580 mailed with an additional 113 sent with personal note



Fundraising

- \$2,911,772 raised so far this fiscal year!
- President's Circle: \$416,457 raised towards \$503,000 goal
- Women's Educational Success: \$253,270 raised, \$110,000 to award to students this year
- Student Veterans Endowment: exceeded goal with \$35,306 raised
- Scholarships: stewardship and solicitation of over 700 existing scholarship donors
- Funding for special groups: Rising Scholars, Guardian Scholars, CAP, Umoja
- Pending proposals: CA Pathways Grant \$40,000 for foster youth, Watsonville Rotary \$3,000 for Engineering Abroad, Sutter Health \$17,500 for Allied Health
- Legacy Giving: two pending estate gifts, developing MOCIs for existing donors



Upcoming Events

- Tom Sourisseau Allied Health Building Dedication
March 1, 10:30 am – 11:30 am, outside Allied Health
- Cabrillo Advancement Program (CAP) Ceremony
March 14, 6:00 – 8:00 pm, Crocker Theater
- Cabrillo Gallery Lighting Celebration for Donors & Exhibition Opening of The Empathy Project: Art, Compassion & Connection
March 19, 1:30pm, Cabrillo Gallery
- President's Circle Tapas with Teacher (\$1,500+)
April 5, 5:00 – 7:00 pm, Horticulture Center
- Board of Directors Meeting at Sesnon House
May 9, 12:00 – 2:00 pm



MEMORANDUM

DATE: February 7, 2023

TO: Board of Directors

FROM: Eileen Hill

SUBJECT: 2022-23 Fundraising Targets

BACKGROUND

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 \$850,000 in endowed gifts and \$500,000 in unbooked planned gifts. Focusing efforts on endowed gifts and legacy giving will help ensure the long-term health and sustainability of the Foundation.

Amount Raised 7/1/22-2/3/23	2022-23 Target	
\$395,157	\$480,000	President's Circle
\$186,048	\$175,000	Women's Educational Success
\$145,688	\$200,000	Cabrillo Advancement Program (Endowed)
\$439,060	\$500,000	Scholarships (Endowed)
\$164,780	\$250,000	Scholarships (Nonendowed)
\$337,354	\$395,000	Faculty/Department Support (Faculty Grants, Allied Health, Athletics, VAPA, etc.)
\$1,103,685	\$250,000	Student Support Services (foster youth, internships, tutoring, food resources, Veterans, Umoja, etc.)
\$140,000	\$250,000	Donor directed interests
\$0	\$500,000	Unbooked Planned Gifts
\$2,911,772	\$3,000,000	TOTAL

DATE: February 7, 2023

TO: Board of Directors

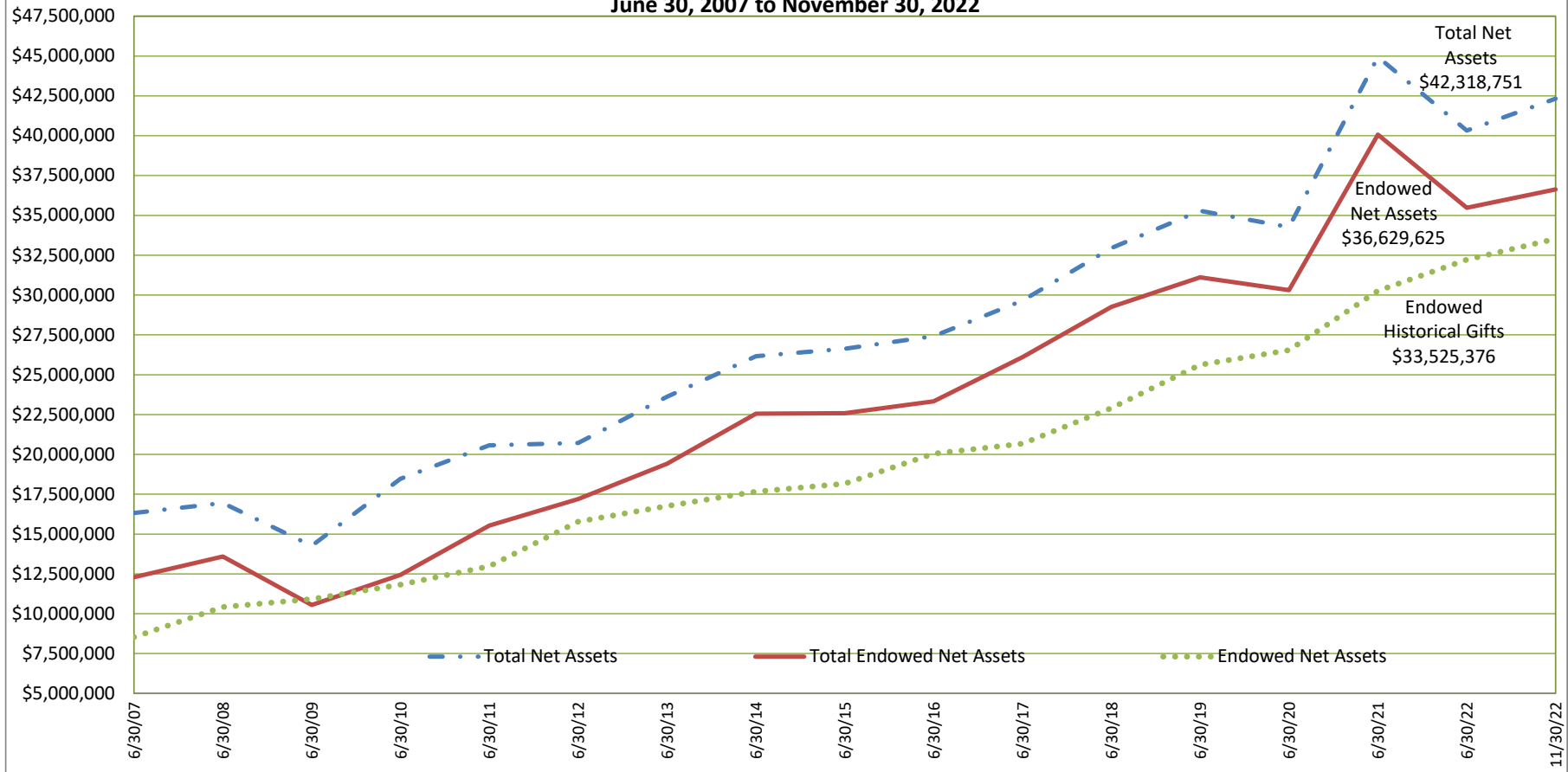
FROM: Eileen Hill

July 1, 2022 to February 3, 2023	\$ 2,911,772
Outright Gifts	
Unbooked Revocable Planned Gifts	\$ 0
Total	\$ 2,911,772

2022-23 Goal for Outright and Unbooked Revocable Planned Gifts	\$ 3,000,000
Recorded Gifts 07-01-22 to 02-3-23:	
Anonymous Donor (Umoja Program)	\$ 399,500
Anonymous Donor (Guardian Scholars)	\$ 384,500
The Barbara Samper Foundation (CAP)	\$ 250,000
Monterey Peninsula Foundation (Rising Scholars)	\$ 250,000
Davidson Family Foundation (Engineering)	\$ 140,000
Amazon (BACCC)	\$ 88,275
Robert Stephens (Scholarship)	\$ 70,000
Robert & Sharon Bailey (Chorus, Scholarship & Emergency Grant)	\$ 63,000
Joan Griffiths (Scholarships, Tutorial, Nursing, President's Circle & WES)	\$ 60,074
Kathryn Shephard Cowan (WES, President's Circle, Scholarships & Student Veterans)	\$ 53,097
Brian & Patti Herman (Guardian Scholars & President's Circle)	\$ 40,000
Estate of Joseph Marvin (Unrestricted and Athletics)	\$ 37,917
Vertical Raise (Football, Baseball & Softball)	\$ 36,940
Leestma Family Foundation/Little Flower Fund (Scholarship)	\$ 25,000
Craig Rowell & Corinda Ray (Scholarship, WES, Veterans & President's Circle)	\$ 20,300
Anonymous (Scholarship)	\$ 20,000
Rick & Ruth Moe (WES & President's Circle)	\$ 20,000
Sheri Watson-Riley (Scholarship)	\$ 20,000
Rachel Wedeen (President's Circle, Scholarship, WES & Student Veterans)	\$ 19,640
Dan Rothwell & Marcy Wieland (Scholarship & WES)	\$ 18,132
Patty Quillin & Reed Hastings (President's Circle & WES)	\$ 16,000
Claire Biancalana & William Kelsey (President's Circle, Scholarship & Stroke Center)	\$ 15,677
Edward Newman Family Charitable Fund (President's Circle)	\$ 15,000
Gifts under \$15,000 (1,031 of 1,054 total donors)	\$ 848,720
Total Outright Gifts	\$ 2,911,772
Total Unbooked Revocable Planned Gifts	\$ 0
TOTAL	\$ 2,911,772

Notes: 1. The cumulative unbooked revocable planned gifts total is \$28,146,600.

Cabrillo College Foundation
Total Net Assets, Endowed Net Assets, and Endowed Historical Gifts
June 30, 2007 to November 30, 2022



Total Net Assets highest level was \$46,478,063 as of December 31, 2021

Endowed Net Assets highest level was \$41,298,284 as of December 31, 2021

Endowed Historical Gifts highest level was \$33,525,376 as of November 30, 2022

MEMORANDUM

DATE: February 7, 2023

TO: Board of Directors

FROM: Eileen Hill

SUBJECT: Name change of Cabrillo College and impact to Foundation

Background

In November 2022, after a two-year analysis, the college Board of Trustees voted to change the school's name so that it will no longer be named after Juan Rodriguez Cabrillo — an explorer of the California coastline, whose expedition is considered to have cleared the way for the colonial conquest of California and the violent treatment of native people. During the work of the Name Exploration Subcommittee the foundation shared information and invited our community of donors to participate in public forums. A majority of donors that we heard from indicated they did not favor a name change.

When the decision was made on November 14, 2022, the foundation emailed our list of 4,164 supporters letting them know of the decision and sharing the college's Press Release on the subject. We heard back from over 50 donors who were disappointed, with several sharing that they would no longer support the college financially and a few saying they were removing Cabrillo from their estate plans.

Next Steps

After the foundation's Holiday Party in early December, Eileen reached out to nearly 100 stakeholders to invite them to share their thoughts and heard from over 50 via email and phone. There are several donors who are being scheduled for one on meetings with Matt and/or Eileen. Although a minority are open to this change, the majority of our supporters are experiencing some level of loss and grief over this decision. Eileen is continuing to reach out to donors to help process and reinforce foundation's mission to help students.

It will be impossible to predict the financial impact that the name change will have on our fundraising. We are proactively messaging to remind donors of our mission to support students and that the college will continue its life-changing work.

Future next steps:

- Keep donors apprised of and participation in renaming process
- Once selected, the foundation will change its name to align with the college.
 - The foundation will keep its tax id number. We were advised this will take a long time and to submit paperwork promptly when the name has been selected.
- Consult with a lawyer to understand legal ramifications of named gifts/legacy gifts left to CCF.

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Karen Cogswell
SUBJECT: President's Circle Campaign

2022-23 President's Circle Campaign

Linda Burroughs and Karen Cogswell are co-chairs of the 2022-23 President's Circle Committee. As of February 2, 2023:

- \$416,457 has been raised, toward our goal of \$503,000
- 198 members have joined
- 21 NEW members
- 15 renewing donors increased their support this year

President's Circle Events

Due to Covid-19, all events will be planned with an eye to safety and well-being of guests and staff. All events are subject to change.

President's Level (\$1,000+)

Reception and Cabrillo Stage Summer Musical	July 16, 2023
President's Holiday Reception	December 1, 2023

President's Plus Level (\$1,500+)

Tapas with Teachers: flash lectures by Cabrillo Faculty	April 5, 2023
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Director Level (\$2,500+)

Culinary Student Showcase	Spring 2023
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Trustee Level (\$5000+)

Happy Hour at the home of President Matt Wetstein	May 18, 2023
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Benefactor level (\$10,000+)

Homemade Pizza Party at the home of Claire Biancalana and Bill Kelsay	Summer 2023
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Luminary Level (\$15,000+)

A curated Cabrillo experience designed for you	TBD 2023
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MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Ron Sekkel
SUBJECT: Faculty and Staff Grants

Faculty and Staff Grants

Cabrillo College Foundation has three grant programs to support Cabrillo College faculty:

1. Faculty Grants for Student Success
2. Crocker Endowment Grants
 - Crocker Nursing Endowment Grants
 - Crocker Dental Hygiene Endowment Grants
 - Crocker VAPA Endowment Grants
 - Crocker Campus-Wide Endowment Grants
3. Engineering and Applied Science Endowment

Crocker Endowment selections were made in late October, and in November, a committee of Foundation Board Members, Cabrillo faculty, and community members reviewed proposals and selected recipients for Faculty Grants for Student Success. This year the Cabrillo Foundation awarded a total of **\$120,682** to Cabrillo staff and faculty to enhance student learning and increase student success.

A list of 2022-23 funded projects is attached, which includes proposals funded by the ASCC Student Senate Endowment.

The Faculty and Staff Grant Awards Reception was held on Thursday, January 26th at the Sesnon House and 62 guests attended. The award recipients had the opportunity to speak about their projects and the impact the projects will have on Cabrillo students.

Current committee members include: Cherie Barkey, Owen Brown, Linda Burroughs, Les Forester, Mary Gaukel, Inga Gonzalez Moses, Francisco Iniguez, Tobin Keller (co-chair), Gun Ruder, Ana Ruiz. David Schwartz, Ron Sekkel, and Marcie Wald

2022 Faculty and Staff
Awarded Projects

Mark Bidelman, VAPA

Tool for a Contemporary Vocal Musician: \$1,419

Mark Bidelman, VAPA

Adjudicated performance to drive student excellence!: \$4,000

Matthew Blostein, VAPA

Creation of the Cabrillo Music Technology and Recording Arts Immersive Audio Lab: \$4,977

Celia Brezner, SDLC

Adaptive & Athletic Exercise Equipment: \$5,500

Mirella Brokaw, HAWK

(Allied Health)

Escape Deck Card Game - Breakout RN Escape Deck Activity: \$1,600

Binh Cheung, NAS

Welding Coats: \$641

Brandy Dickinson, SDLC

Accessible Technology for SDLC: \$5,416

William (Skip) Epperson, VAPA

Fee for Camera Operator for TA21 Acting for the Camera in Spring Semester 2023, \$1,050: \$1,050

William (Skip) Epperson, VAPA

A new sewing machine for the Costume Shop: \$1,100

William (Skip) Epperson, VAPA

Purchase of Chain Hoists for safe Stage Rigging in the Crocker Theatre: \$5,056

Carlos Figueroa, NAS

In need of two more Thomson tube setups: \$4,247

Leslie Gabbert, HAWK

(Allied Health)

Supporting Smiles: \$1,529

Leslie Gabbert, HAWK

(Allied Health)

Prevention is Powerful: \$300

Carol Hoffman, NAS

Pulse Oximeters for Measuring Heart Rate: \$306

Gabriela Huezo, NAS

Calming and Beautifying Math Spaces: \$1,500

Zach Joseph, ACCESS

Celebrating transfer at Graduation: \$5,000

David King, VAPA

Ballet Barres for Wats. A-130 dance studio: \$800

Lesley Loudon, VAPA

"The Empathy Project: Cabrillo Gallery and Cabrillo Library Gallery: \$4,100

Gary Marcoccia, NAS

Vinyl Cutter: \$2,400

Tera Martin, Watsonville Center and ILC

Mugs for Success: \$2,052

Javier Martinez-Cabrera, Watsonville Center and ILC

Improvement of the Tutoring Experience through the Usage of iPads: \$8,718

Gladys Mondragon, HAWK

(Athletics)

Cabrillo College Women's Soccer: Developing Student-Athletes for Their Next Level of Play: \$4,600

Michelle Morton, Library

Photo Set for Library, HUB, Integrated Learning Center: \$2,000

Dawn Nakanishi, VAPA

Casting & Metal Forming Room Acoustic Panels: \$4,200

Tootie Olsen, Student Services

Artwork for Welcome Center and the Watsonville Office (Admissions and Financial Aid): \$5,000

James Page, HAWK

(Athletics)

WEC Go Green Initiative: \$5,000

Jo-Ann Panzardi, NAS

Engineering Machining Tooling: \$7,500

Jesse Patterson, NAS

Welding Helmets: \$1,308

2022 Faculty and Staff
Awarded Projects

Rebecca Ramos, VAPA

Binoculars/Field glasses for drawing and scientific illustration: \$3,129.39

Sylvia Rios, VAPA

Ceramic Art in offices serving the public.: \$2,000

Sylvia Rios, VAPA

Oxyprobe: Firing safety and control: \$1,850

Kim Sakamoto Steidl, HASS

Learning to See: Nature Journaling for Early Childhood Educators: \$2,000

Aloha Sargent, Library

Textbooks for Watsonville ILC: \$4,488

Steve Schessler, Honors Transfer

Technology for Honors Transfer Program
Collaborative Learning and Community Building:
\$3,174

Lalu Simcik, NAS

Advanced STEM Calculator Free Access: \$720

Michael Strunk, VAPA

Afro-Cuban Batá Drums: \$1,918

Natalie Vanoli, HAWK

(Allied Health)

Patient Care Simulator: \$1,300

Natalie Vanoli, HAWK

(Allied Health)

Blood Pressure Training Syster with Omni and
Speakers: \$1,058

Natalie Vanoli, HAWK

(Allied Health)

Dental Light Curing Shields: \$325

Natalie Vanoli, HAWK

(Allied Health)

Ergonomic Clinician Stools: \$5,939

Jenna Zeller, HAWK

(Allied Health)

Active and Engaged Learning for Nursing Students:
\$7,421

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Kristin Wilson
SUBJECT: Women's Educational Success (WES)

WES grants are a critical resource for faculty on campus, empowering them to send a lifeline to a struggling student. This year a total of **\$110,000** will be given out to students in need and by the end of the 2022-23 academic year, **we will have awarded over \$1 million to students since the program's inception in 1997!**

2022 CAMPAIGN

Thanks to the WES Co-chairs, Mary Culley and Freny Cooper, and our fabulous committee of Best Friends, we had our most stellar year of fundraising for WES to date: **\$253,270 was raised from 477 donors.**

We were fortunate that the Wedeen Hammer Locatelli Group at Morgan Stanley partnered with the Sharanam Foundation to give a matching grant that inspired donors to increase their support and give gifts of \$250 or more.

2023 CAMPAIGN

We are excited that Angie McClellan will be teaming up with Freny Cooper to Co-chair the 2023 campaign. Freny and Angie will meet with foundation staff in March to begin campaign planning.



This grant means a lot of things for me. I come from a low-income family and I struggled to ask for, and accept help. My parents had minimal education and limited opportunities. Asking for help was not an encouraged means of gaining opportunities. This sense of pride was also passed onto myself and my sisters. But the WES grant allowed me to realize that help is available and there are people who want me to do well. I'm so thankful for this opportunity and have so much gratitude for this program.

-Marie
(2022 WES Recipient)

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Nancy Machado
SUBJECT: 2023-24 Budget Timeline

The following is the schedule for the 2023-24 Cabrillo College Foundation budget process:

Week of January 2, 2023	Nancy Machado begins requesting and collecting information for the 2023-24 budget
Week of January 23, 2023	Eileen Hill and Nancy Machado to review information and determine if further information is needed
January 30, 2023 to March 13, 2023	Eileen Hill and Nancy Machado to compare prior year trends to 2023-24 plan Nancy Machado provides Eileen Hill with draft of 2023-24 Budget. Eileen Hill reviews, recommends changes and approves final 2023-24 Budget
March 16, 2023	Send recommended Budget to Finance and Investment Committee
March 23, 2023	Finance and Investment Committee reviews 2023-24 Budget and makes recommendation to Executive Committee
April 13, 2023	Send recommended Budget to Executive Committee
April 20, 2023	Executive Committee reviews 2023-24 Budget and makes recommendations to Board of Directors
May 2, 2023	Send recommended Budget to Board of Directors
May 9, 2023	Board of Directors approve 2023-24 Budget

MEMORANDUM

DATE: February 7, 2023
TO: Board of Directors
FROM: Nancy Machado
SUBJECT: Schedule for the 2021-22 990 filing

The IRS 990 form provides the public with financial information about a nonprofit organization. It is used by government agencies to prevent organizations from abusing their tax-exempt status.

The following is a projection for the 2021-22 Cabrillo College Foundation federal Form 990 process:

Week of March 13 th	Cabrillo College Foundation staff completes Form 990 and submits to Auditor.
Week of March 27 th	Auditor completes Form 990 and e-mails draft to Nancy Machado.
April 14, 2023	Cabrillo College Foundation Executive Director reviews draft Form 990.
April 21, 2023	Draft Federal Form 990 e-mailed to the Board of Directors with an overview and instructions for review.
April 28, 2023	Cabrillo College Foundation Board of Directors responds to Nancy Machado with any suggestions/changes to draft Federal Form 990.
May 2, 2023	Final Federal Form 990 is e-mailed to the Board of Directors for final review.
May 9, 2023	At the Cabrillo College Foundation Board meeting, final Federal form 990 is approved and signed by a Board Officer and Cabrillo College Foundation emails final Federal Form 990 to EideBailly to file electronically.

2022-23 Cabrillo College Foundation Committee Meetings and Events

Updated 2/1/2023

BOARD OF DIRECTORS

Tuesdays, 12:00-2:00 pm
New Member Orientation

September 13, 2022
11:00 am-12:00 pm

Meetings:

September 13, 2022
November 8, 2022
February 14, 2023
May 9, 2023

AUDIT

10:00-11:00 am

October 6, 2022
January 23, 2023
May 2023 TBD

EXECUTIVE

9:00-10:00 am

August 25, 2022
(9:00 – 10:30 am)
October 24, 2022
(2:00 - 3:00 pm)
January 26, 2023
April 20, 2023
(9:00 – 10:30 am)

FINANCE AND INVESTMENT

9:00-10:30 am

August 18, 2022
September 8, 2022 (12pm)
October 13, 2022
January 12, 2023
March 30, 2023
(Sesnon House)

FACULTY GRANTS

November 29, 2022
10:00 am - 12:00 pm

NOMINATING

March 2023 TBD

PRESIDENT'S CIRCLE

September 13, 2022
5:00 – 7:00 pm
(kick-off party)

October 12, 2022
(packet pick up)

March 2023 TBD
5:00 pm – 7:00 pm
(wrap-up party)

WOMEN'S EDUCATIONAL SUCCESS (WES)

September 30, 2022
12:00 pm – 1:00 pm
(Luncheon)
Samper Recital Hall

RETIREEES

August 24, 2022
10:00 am - 11:00 am

SCHOLARSHIP

November 10, 2022
3:00 pm - 4:00 pm

CABRILLO ADVANCEMENT PROGRAM

May 2023 TBD

EXCLUSIVE EVENTS FOR PRESIDENT'S CIRCLE MEMBERS

Sandy Lydon Virtual History

\$1,000 + Members
October 22, 2022
9:30 am
Cabrillo College Cafeteria

Tapas with Teachers

\$1,500+ Members
April 5, 2023

Culinary Student Showcase

\$2,500+ Members
April/May 2023 TBD
6:00 - 9:00 pm

Happy Hour at Matt's

\$5,000 + Members
May 18, 2023

Cabrillo Stage Play and PC Reception

\$1,000+ Members
July 16, 2023
12:00 pm
Sesnon House

Homemade Pizza Party at the home of Claire Biancalana and Bill Kelsay

\$10,000+ Members
Summer 2023 TBD

TBD

\$15,000+ Members
Spring 2023 TBD

EVENT DATES

Colligan Family Scholarship Ceremony

August 17, 2022

Retiree Happy Hour

October 11, 2022
4:00 pm – 6:00 pm

President's Holiday Party

December 2, 2022
5:30 PM

Faculty and Staff Grants Awards

January 26, 2023
4:00 pm – 6:00 pm

Tom Sourisseau Allied Health Building Dedication

March 1, 2023
10:30 am - 11:30 am
Outside Allied Health

Cabrillo Advancement Program (CAP) Ceremony

March 14, 2023
6:00 – 8:00 pm
Crocker Theater

Heritage Club Lunch

April/May, 2023
12:00 pm – 1:00 pm

2022-23 Cabrillo College Foundation Committee Roster – Updated 1/26/2023

<p><u>BOARD OF DIRECTORS</u> Rob Allen Pegi Ard, CFO Michele Bassi Karen Cogswell Kathryn Cowan Sesario Escoto Diane Marvin Koenig Vance Landis-Carey Amy Lehman-Sexton, VP Student Services Robin McFarland, VP Instruction (Interim) Ed Newman, Secretary Bradley Olin, VP Admin. Services, Asst. Treasurer Erica Ow Patty Quillin, President Cory Ray Maria Esther Rodriguez Dan Rothwell, College Trustee Gun Ruder, Past President Ron Sekkel Karen Semingson Rachael Spencer, College Trustee Trevor Strudley Kate Terrell Julie Thiebaut Rachel Wedeen, Vice President Matt Wetstein, Asst. Secretary, CC President Kristin Wilson, Faculty Representative Donna Ziel, College Trustee</p> <p><u>AUDIT</u> Chair: Karen Semingson David Heald Barbara Scherer <i>Staff:</i> Eileen Hill Nancy Machado</p> <p><u>EXECUTIVE</u> Pegi Ard, CFO Ed Newman, Secretary Patty Quillin, President Gun Ruder, Past President</p>	<p><u>FINANCE & INVESTMENTS</u> CFO: Pegi Ard Owen Brown Karen Cogswell Marshall Delk David Heald Michael W. Machado Gun Ruder Steve Snodgrass Trevor Strudley <i>Staff:</i> Eileen Hill Nancy Machado</p> <p><u>CABRILLO ADVANCEMENT PROGRAM (CAP)</u> Chair: Carrie Birkhofer Eva Acosta Rob Allen Enrique Buelna Sesario Escoto Leola Lapides Rachel Mayo June Padilla Ponce Maria Esther Rodriguez <i>College Advisors:</i> Liz Dominguez Michelle Donohue <i>Staff:</i> Eileen Hill, Caitlin Bonura</p> <p><u>FACULTY GRANTS</u> Cherie Barkey Owen Brown Linda Burroughs Ceil Cirillo Linda Downing Les Forster Mary Gaukel Francisco Iñiguez Tobin Keller Inga Gonzalez Moses Amy Newell Gun Ruder Ana Ruiz David Schwartz Natalie Vanoli <i>Staff:</i> Eileen Hill, Caitlin Bonura</p> <p><u>NOMINATING</u> Michele Bassi Claire Biancalana Patty Quillin</p>	<p>Jim Baker Pat Barton Michele Bassi Claire Biancalana Mary Blanchard Owen Brown Ted Burke Ceil Cirillo Kathryn Cowan Lee Duffus Kristin Fabos Duf Fischer Paula Fischer Peggy Flynn Jackie Heald Kent Imai Diane Koenig Julie Lambert Vance Landis-Carey Marilyn Manning Lonergan Richard Lonergan Robin McFarland Fred McPherson Kelly Nesheim Ed Newman Erica Ow William Ow Ron Sekkel Margie Sisk Steve Snodgrass Ginny Solari Mazry Rachael Spencer Julie Thiebaut Rachel Wedeen Matt Wetstein Theo Wierdsma Paula Woods <i>Staff:</i> Caitlin Bonura</p> <p><u>SCHOLARSHIP</u> Chair: Rachael Spencer Claire Biancalana Jess Brown Ceil Cirillo Virginia Coe Karen Cogswell Kathryn Cowan Linda Downing Jan Furman Rich Hart Adele Miller</p>	<p><u>RETIREE COMMITTEE</u> Dale Attias Claire Biancalana Doug Deaver Jane Gregorius Alan Holbert Andre Neu Janet King Lynda Watson Francine Van Meter</p> <p><u>VETERANS COMMITTEE</u> <i>Co-chairs:</i> Mark Hinojosa Chuck Woodson Stoney Brook Flor Chacon Ceil Cirillo Steve Curtin Christopher DiMaio Ricardo Espinoza Kristin Fabos Les Forster Thomas Ghio Mary Govaars John Gaulty Robin McFarland Linda Mejia Cory Ray Melissa Rose Rachael Spencer Desha Staley-Raator Terrence Willet Donna Ziel</p> <p><u>WOMEN'S EDUCATIONAL SUCCESS (WES)</u> <i>Co-chairs:</i> Mary Culley Freny Cooper Peggy Downes Baskin, cofounder Shannon Brady Deborah Bronstein Lynette Cleland Cathy Conway Kathryn Cowan Cynthia Druley Cynthia FitzGerald Corrine Flanagan Peggy Flynn</p>
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<p>Rachael Spencer Rachel Wedeen, Vice President Matt Wetstein, CC President <i>Staff:</i> Eileen Hill Nancy Machado</p>	<p>Gun Ruder Rachael Spencer Rachel Wedeen <i>Lead Staff:</i> Eileen Hill</p> <p><u>PRESIDENT'S CIRCLE</u></p> <p><i>Co-chairs:</i> Linda Burroughs Karen Cogswell Mike Allard Pegi Ard</p>	<p>Corinne Miller Cory Ray Dan Rothwell Julie Thiebaut Rachel Wedeen Jill Wilson <i>Staff:</i> Caitlin Bonura</p>	<p>Pam Goodman Amy Ivey Janet Krassow Chris Maffia Angie McClellan Rose Odland Martina O'Sullivan Carolyn Parham Gail Pellerin Karen Semingson Rachael Spencer, cofounder Bunny Tavares Kate Terrell Kristin Wilson</p> <p><i>WES Advisors:</i> Eva Acosta Leti Amezcua Jenna Becker Rosemary Brogan Sue Bruckner Emily Burton Lauren Cole Olga Diaz Eden Ganley Mario Garcia Ofelia Garcia Irma Gil Holly Goodman Judith Guerrero Gabby Huevo Katherine Love Michelle Morton Christina Ortega Beth Regardz Ana Rodriguez Lupe Rodriguez Barbara Schultz-Perez Magdalena Serrano Nancy Spangler Tasha Sturm Windy Valdez Marilyn Zanetti <i>Staff:</i> Caitlin Bonura</p>
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