



**Executive Committee Meeting
March 26, 2019 ~ 3:30 PM
945 S. Main Street # 207 Salinas, CA 93901**

AGENDA

- | | |
|---|------|
| 1. Call to Order – Birt Johnson, Jr. | 3:30 |
| 2. Approval of Minutes (1- 4) <ul style="list-style-type: none">• November 27, 2018 | |
| 3. Report of the Chair – Terri Belli for Birt Johnson, Jr. <ul style="list-style-type: none">• Succession Plan review – current (5-7) and revised (8-10)• Women’s Fund Luncheon – May 16 | 3:35 |
| 4. Impact Investment Committee – Dan Baldwin <ul style="list-style-type: none">• 2019 Goals | 3:40 |
| 5. Investment – Dan Baldwin for Ken Petersen <ul style="list-style-type: none">• 2019 Goals | 3:50 |
| 6. Resource Development – Michael Reid <ul style="list-style-type: none">• Meeting update – March 6, 2019• Development Summary February (11)• 2019 Goals (12-13) | 4:00 |
| 7. Treasurer – Teri Belli for Jan Vanderbilt <ul style="list-style-type: none">• February Financials (14-22)• 2019 Goals | 4:10 |
| 8. Grants and Programs – Ida Lopez Chan <ul style="list-style-type: none">• Grant Approvals (if needed)• 2019 Goals (23) | 4:25 |
| 9. Governance – Dan Baldwin for Ken Petersen <ul style="list-style-type: none">• 2019 Goals | 4:35 |

Mission Statement

To inspire philanthropy and be a catalyst for strengthening communities throughout Monterey County

Strategic Priorities

- Community Impact – Invest in developing healthy, safe and vibrant communities across Monterey County
- Philanthropic Leadership – Inspire and facilitate philanthropy throughout Monterey County
- Community Leadership – Recognize opportunities for facilitation of solutions to community issues.
- Organizational Excellence – Optimize performance and stewardship for maximum impact

10. New Funds 4:40
- John S. Myszak Scholarship for Future Teachers Fund
 - Antle Family Fund
 - Ipson-Tully CAL Memorial Scholarship Fund (name change)
11. President/CEO Report – Dan Baldwin 4:45
- 3200 17 Mile Drive Update
 - Inactive Funds Review **(24-25)** and Policy **(27)**
 - Legislative update
12. Executive Session
Adjourn

Next Executive Committee Meeting: May 28, 2019 - Monterey Office

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**Executive Committee Meeting
945 S. Main Street Salinas, CA
November 27, 2018**

MINUTES

Committee Members Present: Ken Petersen, Birt Johnson, Jr., Teri Belli, Jeff Eikenberry, Betsy Buchalter Adler

Call in - Steve McGowan

A quorum was established.

CFMC Staff Present: Dan Baldwin, Laurel Lee-Alexander, Christine Dawson, Julie Conrad

CALL TO ORDER – Ken Petersen

Ken Petersen called the regular meeting of the Executive Committee of the Community Foundation for Monterey County to order at 3:33 on November 27, 2018 at the Foundation's Salinas office.

APPROVAL OF MINUTES

Motion: to approve the September 25, 2018 minutes:

Birt Johnson, Jr. / Jeff Eikenberry second. Motion carried unanimously.

REPORT OF THE CHAIR – Ken Petersen

Ken Petersen asked for feedback on the Celebration of Philanthropy held October 24 at Corral de Tierra County Club. There were positive comments about the smooth logistics of the reversed room set-up for seating and high-quality food presented. Comments on the flow of entering the room from the patio and stage lighting were noted for next year. The timing of the overall presentation was appreciated, and the program did not seem too long. The youthful scholarship recipient, Blanca Zarazua, Esq, and Sylvia and Leon Panetta's comments all had strong, inspiring messages. Corral de Tierra received high praise for the professional and seamless operation.

Ken reminded the committee about the board and spouse Holiday Social, December 18, at 5:45, after the board meeting.

The preferred date for the 2019 Board Retreat is Saturday, January 26, 8:45AM to 1:00PM. The board will confirm the date at the December meeting and discuss agenda items. The theme will be around advocacy and the third tenet of the strategic plan, *Community Leadership*.

TREASURERS REPORT-Teri Belli

Teri Belli reported the October and November 2018 financials will be approved at the December board meeting.

The 2019 budget has been reviewed by the Finance Committee. Teri summarized the budget notes and assumptions and asked for questions and comments. The 2019 budget will be presented for approval at the December 18 board meeting.

Motion: to recommend the 2019 budget as presented by the Finance Committee at the December 18 board meeting. Teri Belli/ Birt Johnson, Jr. second. Motion carried unanimously.

RESOURCE DEVELOPMENT COMMITTEE - Betsy Buchalter Adler

Betsy Buchalter Adler reported the donor education program presented on October 30, titled *Charitable Giving and the New Tax Law*, by Gail Delorey, CPA, was well attended. Betsy reviewed the November event attendance summary and highlighted the wide range of events CFMC attends.

Christine Dawson reported the opportunity for donors to use their IRA qualified charitable distributions for donations at year end of 2018 is proving successful.

The next Resource Development Committee meeting is December 12, 2018.

GRANTS AND PROGRAMS COMMITTEE – Birt Johnson, Jr.

The Executive Committee approved the following grants of \$50,000+ at today's meeting.

1) SPECIAL PURPOSE FUNDS (GRANTS \$50,000 or more)

Fund for Homeless Women

- Community Homeless Solutions-\$ 50,000
- Gathering for Women-Monterey \$50,000
- Orphan Productions-\$60,000
- Outreach Unlimited-\$50,000

Anita Tarr Turk Fund

- Damon Runyon Cancer Research Foundation – \$100,000

Motion: to approve the special purpose grants of \$50,000 or more from Fund for Homeless Women and Anita Tarr Turk fund.

Birt Johnson, Jr. / Betsy Buchalter Adler second. Motion carried unanimously.

2) DONOR ADVISOR GRANTS OF \$50,000+

- Mike and Mary Orradre Fund to Santa Clara University - \$500,000

Motion: to approve the Mike and Mary Orradre Fund grant to Santa Clara University of \$500,000.

Birt Johnson, Jr. /Teri Belli second. Motion carried unanimously.

Laurel Lee Alexander reported the James Irvine Foundation grant process is going well and that staff are reviewing grant applications for the first year of grantmaking. The community team is identifying key areas of interest and leverage for 2019 grantmaking.

INVESTMENT COMMITTEE – Steve McGowan - call in

Steve McGowan reported on the November 12 Investment Committee meeting. The committee reviewed the 2019 spending policy based on the evaluation of the CFMC's investment objectives, mission and strategic plan. After a thorough discussion the committee decided on a 4.5% spending policy for 2019.

Motion: to recommend for approval at the December 19 board meeting a 4.5% payout rate on endowed funds for 2019.

Ken

Petersen / Jeff Eikenberry second. Motion carried unanimously.

The committee reviewed the requirements of Verus and Anne Westritch, and discussed Verus' performance. At the end of the discussion the committee approved maintaining the relationship with Verus for another year.

GOVERNANCE COMMITTEE –Steve McGowan – call in

Steve McGowan reported the Governance Committee contacted the three candidates nominated to the 2019 board. Two of the three have all agreed to serve on the board and the third person will respond in the next week. The new board members will be presented for approval at the December 18 board meeting.

Birt Johnson, Jr., Teri Belli, Betsy Buchalter Adler and Bill Sharpe have been contacted for a second term. Birt, Teri and Betsy have all agreed to a second term and Bill Sharpe will respond in the next week.

Elected Board Officers for 2019:

Chair-Birt Johnson, Jr., Vice Chair-Teri Belli, Secretary-Jeff Eikenberry, Treasurer-Jan Vanderbilt.

Motion: to recommend to the full board for approval the following slate of officers to the 2019 board of directors as presented by the Governance Committee:

Approved second terms: Birt Johnson, Jr., Teri Belli, Betsy Buchalter Adler and Bill Sharpe

2019 Officers: Chair-Birt Johnson, Jr., Vice Chair-Teri Belli, Secretary-Jeff Eikenberry, Treasurer-Jan Vanderbilt.

Birt Johnson, Jr. / Teri Belli second. Motion carried unanimously.

NEW FUND APPROVALS – Dan Baldwin

Agency – Stewardship Fund

- Harmony at Home Ending Violence & Building Families Stewardship Fund
- Central Coast for Independent Living Stewardship Fund

PRESIDENT/CEO REPORT - Dan Baldwin

Dan will present 2019 goals to the board.

Homeless Services Update

Dan reported that he has hosted meetings in Salinas and Monterey to help cities and homeless services providers align around priorities and projects that will utilize approximately \$10.5 million in HEAP funds (Homeless Emergency Aid Program) coming to Monterey County. The process is being overseen by the Leadership Council, of Dan is a member. He has offered to have the CFMC assist with the development of an RFP for the funds, as this will closely resemble a grant application.

League of California Community Foundations meeting

Dan reported on the recent annual meeting with the League of California Community Foundations in Oakland, CA. The topics included donor advised funds and advocacy in Sacramento for Community Foundations in 2019.

Monterey County Gives!

Dan reported MC Gives is about 10% above the 2017 campaign to date. Dan described the unpredictable nature in this year due to the changes in the tax law.

EXECUTIVE SESSION

Meeting adjourned at 5:15 for executive session.

Next Executive Committee Meeting is:

- Tuesday, March 26, 2019 in the Salinas Office

Minutes prepared by _____
Julie Conrad, Administrative Services Manager

Approved by: _____
Jeff Eikenberry, Secretary

Community Foundation for Monterey County President/CEO Succession Plan July 2013 (revised 8/13)

Introduction

Succession planning is more than just replacing the president/CEO (CEO). It is a reflection of organizational culture and long-term goals. While the departure of the CEO can be a disrupting event for the board of directors, staff, and constituents of an organization, the smooth handling of a CEO transition can communicate many positives to the staff, fund holders, grantees and general public.

Questions of who's in charge, what is the board's role, how is it communicated internally and externally, and how does the organization proceed with operations while finding a successor are much better handled when a plan is in place. Having an agreed upon plan not only allows the board of directors to find a successor CEO in an expeditious manner, but it is an opportunity to demonstrate stability and seek a replacement consistent with the organization's vision.

The following is a draft succession plan for the Community Foundation for Monterey County (CFMC). It considers both a sudden or planned departure of the CEO. This document includes CFMC organizational dynamics at the time of its writing. As the organization changes (particularly personnel and staff structure), the succession plan should be reviewed and changed accordingly.

Who is in charge?

The chair of the board of directors is the primary authority for the CFMC. However, it is inappropriate for the chair or other board member to assume day-to-day operational oversight, unless under the most extreme circumstances. Should there be a sudden departure of the CEO (death, disability, firing, resignation with short or no notice) the board of directors should look first to the staff for an interim president. Currently, the CFMC has one vice-president (vice-president for grants and programs). This individual serves as officer in charge in the absence of the CEO. It is possible other vice-president positions will be created in the future. Should the executive committee feel it better to seek an interim CEO from outside the staff, it is not uncommon for this role to be filled by recently retired business or nonprofit executives. If it is decided that a sitting board member will fill the role, that individual, upon accepting the position, should resign from the board of directors.

In the case of a planned departure, it is hoped that a successor can be found prior to the CEO leaving. However, if that cannot be accomplished, the CEO will hold transition meetings with the executive committee and the interim CEO. It is important that the

CEO's job description is kept current and available to the chair of the board and the interim CEO.

Organizing the search

The executive committee shall act as the search committee for replacing the CEO. Whether the departure is sudden or planned, the search should be put into motion immediately, the search committee meeting within 48 hours of the departure; however, the process should be thorough and completed only when the board of directors feels the proper candidate has been found.

Internal candidates are welcomed and should be afforded the minimum courtesy of an interview. No staff should serve on the search committee.

The geographic breadth of the search is at the discretion of the search committee. The search committee may want to engage a search firm. There are several that specialize in nonprofits. This information can be obtained through a variety of sources, including the Council on Foundations.

The CFMC director of communications should be consulted and/or utilized to write all job announcements and provide insight as to their dissemination. Web postings should include links to the CEO job description, the strategic plan under which the organization is currently operating, and a description of the organization (assets; grant programs and grant totals; leadership initiatives; size of the staff; and, a brief description of the community and the CFMC's role). The announcement should be featured prominently on the CFMC web site.

It is appropriate for the board of directors to encourage applications, so long as no indication of preference is given or implied.

Defining qualifications for the CEO is the responsibility of the search committee. However, the search committee should seek advice from the board of directors, staff, fund holders, and, if appropriate, leaders from other community foundations and local community leaders. In the case of a planned departure, the sitting CEO can be consulted on qualifications, but should not be an active member of the search committee.

The search committee will outline its process to the board of directors. When the search committee has narrowed its search to two to three finalists, a special meeting of the board of directors should be called, at which time the search committee will report on the interviews and discuss the finalists. CEO compensation is the responsibility of the CFMC executive committee.

Communications

The director of communications should coordinate all media announcements and board of directors talking points related to the sudden or planned departure of the CEO and the

hiring of a successor. The chair should be the primary CFMC spokesperson.

A press release describing the tenure of the CEO should be drafted, periodically updated, and kept on file. Language related to a sudden departure can be written at the time of the event.

Continuing preparedness role of president/CEO

The CEO has an important, continuing role in ensuring the CFMC experiences a smooth transition for a sudden or planned departure. The CEO must always be developing staff that can assume greater responsibility in the absence of the CEO. The CEO will keep board leadership informed of the strengths of key staff, and their role in the ongoing operations.

The CEO/CFMC must maintain a commitment to professional development of the staff. Leadership training, COF conferences, committee work, etc., while at times seem like distractions from everyday work, are important to building skills and networks so that staff are prepared to lead under changing circumstances. An ongoing organizational commitment to staff development must be maintained.

The CEO will keep the office administrator informed of his/her filing system, so this can be communicated to a successor.

Community Foundation for Monterey County President/CEO Succession Plan 2019

Introduction

Succession planning is more than just replacing the president/CEO (CEO). It reflects organizational culture and long-term goals. While the departure of the CEO can be a disrupting event for the board of directors, staff, and constituents of an organization, the smooth handling of a CEO transition can communicate many positives to the staff, fund holders, grantees and general public.

Questions of who's in charge, what is the board's role, how is it communicated internally and externally, and how the organization proceeds with operations while finding a successor are much better handled when a plan is in place. Having an agreed upon plan not only allows the board of directors to find a successor CEO in an expeditious manner, but it is an opportunity to demonstrate stability and seek a replacement consistent with the organization's vision.

Decisions related to a CEO departure must consider circumstances present at the time, and which may not be anticipated in this document. As such, the succession plan describes both a sudden or planned departure of the CEO and considers CFMC organizational dynamics at the time of its writing. As the organization changes (particularly personnel and staff structure), the succession plan should be reviewed and changed accordingly.

Who is in charge?

The chair of the board of directors is the primary authority for the CFMC. However, it is inappropriate for the chair or other board member to assume day-to-day operational oversight, unless under the most extreme circumstances. Should there be a sudden departure of the CEO (death, disability, firing, resignation with short or no notice) the board of directors should first look to staff for an interim president.

Currently, the CFMC has three vice-presidents (philanthropic services; grants and programs; finance and human resources). On days when the CEO is absent the three vice presidents work together as a single officer in charge. Should the need arise for the appointment of an interim CEO, the vice president for philanthropic services should be named. The holder of this position has the most involvement with the widest segment of the CFMC's operations, and also has frequent interactions with the largest number of board members. From an external viewpoint, the VP for philanthropic services is acquainted with our fund holders and nonprofits, which should have a calming effect on how the CFMC will be run during the transition. However, an internal executive team made up of the three vice presidents should meet weekly and allow the board chair to sit in as appropriate.

Should the executive committee feel it better to seek an interim CEO from outside the staff, it is not uncommon for this role to be filled by recently retired business or nonprofit executives. It would not be appropriate to bring in a former employee of the CFMC, as they may want to operate within a culture that no longer exists at the CFMC. If it is decided that a sitting board member will fill the role, that individual, upon accepting the position, should resign from the board of directors.

In the case of a planned departure, it is hoped that a successor can be found prior to the CEO leaving. However, if that cannot be accomplished, the CEO will hold transition meetings with the executive committee and the interim CEO. It is important that the CEO's job description is kept current and available to the chair of the board and the interim CEO.

Organizing the search

The executive committee shall act as the initial search committee for replacing the CEO. The board may want to form a separate committee that includes past chairs/board members or members of the community. This committee can report to the executive committee, which, in turn, will report to the board of directors. Whether the departure is sudden or planned, the search should be put into motion immediately, the executive committee should hold a meeting within 48 hours of the departure; however, the process should be thorough and completed only when the board of directors feels the proper candidate has been found.

Internal candidates are welcomed and should be afforded the minimum courtesy of an interview. No staff should serve on the search committee.

The geographic breadth of the search is at the discretion of the search committee; however, the CFMC has a national profile and should be considered an attractive position. The search committee may want to engage a search firm. There are several that specialize in nonprofits. This information can be obtained through a variety of sources, including the Council on Foundations.

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on qualifications, but should not be an active member of the search committee.

The search committee will outline its process to the board of directors. When the search committee has narrowed its search to two to three finalists, a special meeting of the board of directors should be called, at which time the search committee will report on the interviews and discuss the finalists. Compensation ranges should be known to the candidates, and the development of a compensation package is the responsibility of the CEO compensation committee, in consultation with the board of directors. The chair of the board should negotiate final terms with chosen candidate.

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The director of communications should coordinate all media announcements and board of directors talking points related to the sudden or planned departure of the CEO and the hiring of a successor. The chair should be the primary CFMC spokesperson.

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The CEO/CFMC must maintain a commitment to professional development for the staff. Leadership training, conferences, committee work, etc., while at times seem like distractions from everyday work, are important in building skills and networks so staff are prepared to lead under changing circumstances.

The CEO will keep the office administrator informed of his/her filing system, so this can be communicated to a successor.



Community Foundation
for Monterey County

Resource Development Summary
February-19

Current Activity Report

Number of Meetings/Contacts
February - 2019

Month	Professional Advisor	Prospects	Current Fund Holders	Presentations	Events	Newsletters Crescendo eBlasts
January	5	16	18	3 *See below	11 *See below	4
February	13	32	21	5 *See below	14 *See below	4
Total Activity						

January Events: Siembra Latinos Fund, HEAP Meeting, AFP Funders Panel, Leadership Council, Sacramento, Noteware, IMPOWER, AFP Ethics Training, AFP Board meeting, SMC Meeting, Interim, Inc Event, Leadership Monterey County, NCFP Family Learning Styles, Dentistry 4 Vets

February Events: CFMC Legacy Luncheon, Women's Fund Leadership Council, NCFP Monthly Topical Call, Embassy Suites Nonprofit Appreciation Breakfast, Leadership Monterey County, Monterey County Gives! Check Ceremony, CFMC Professional Advisor Council, NCFP Webinar, Junior Achievement Hall of Fame, Arts Council Gala, Planned Parenthood luncheon, Montage Luncheon, Bright Spots Recognition, SVMH Event, Monterey Public Library Event, Core Conveners, LCCF, Los Gatos Home Inspection, AFP Board

*On-going: Salinas & Monterey Rotary Clubs

Planned Gifts

New Legacy Society Members for the Month:	0
Expectancy Additions Year to Date:	0
Legacy Society Members to Date:	224
Total Expectancies to Date:	\$205,825,673

New Funds Created 2019

Type of Fund	Number of Funds	Establishing Gift
Scholarship		
John S. Myszak Scholarship for Future Teachers	1	\$5,000.00
New Funds Created Total:	1	\$ 5,000.00

Total Contributions

Year 2019 - YTD	\$ 3,309,609.00
Year 2018 - YTD	\$ 1,167,288.00

Christine Dawson

2019 Goals:

- **Expand and Enhance Philanthropic Services:** To remain competitive, we need to add value for our donors, professional advisors, and families by offering high-level philanthropic services.
 - Implement a Relationship Management system that provides every donor access to a professional staff member
 - Enhance Donor Education to increase learning and encourage collaboration with CFMC priorities and networking
 - Grow grantmaking and increase repeat giving through donor advised funds
 - Better inform fund-holders about their fund activity and impact of their grantmaking
 - Engage fund-holders to utilize their DAFs for estate gifts
- **System Improvements:** Streamline grantmaking through DAFs and gift processing. Upgrade current systems to implement a CRM system to provide donor stewardship, tracking and prospect identification.
- **Staff Development:** Provide training, mentoring and professional development opportunities to Philanthropic Services staff so that we can increase our donor engagement, fund development and planned giving objectives.
- **Professional Advisor Luncheon:** Hold 1st Annual Professional Advisor luncheon. Utilize a keynote speaker on area of interest. We plan to start small and test the interest with the PA community. Potential collaboration with Montage Health Foundation.
- **Big Sur Fund:** Implementation of a Big Sur Affiliate Fund in 2019.
- **Educate the Public About Philanthropy:** Utilize tools and best practices from National Center for Family Philanthropy to promote philanthropy to donor advisors, private family foundations, professional advisors and prospects.
- **Engage a more diverse philanthropic donor base:**
 - Big Sur Fund, Siembra Latinos Fund, Outreach Fund and Fund for Homeless Women
 - Other targeted audiences: Marina/Seaside, faces of philanthropy include GHGH girls and other diverse backgrounds to change perceptions around philanthropy: 10 myths of the CFMC, the power of community and neighbors helping neighbors
- **Develop a Comprehensive Planned Giving Program:** Develop an individualized stewardship plan for current legacy members and other donors who have named the CFMC in their estate, cultivation for current donor advisors and prospects and deeper partnerships with local professional advisors.

- **CGA Toolkit:** Work with communications director to develop a “CGA Toolkit” to share with non-profits and their donors. The toolkit will include marketing promotions and sample donor stories so that Monterey County non-profits can market CGAs to their constituents through their own newsletters and websites.
- **College Futures Monterey:** Increase partnership with the College Futures Foundation and co-investment with donors in 2019.



Here for Good

Community Foundation
for Monterey County

FINANCIAL STATEMENT

For the Two Months Ended February 28, 2019

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
FINANCIAL REPORTS
For the Two Months Ended February 28, 2019**

TABLE OF CONTENTS

Notes to Financial Statements

Statement of Financial Position

Statement of Activities

Comparisons of Actual to Budget - Operating Fund

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Two Months Ended February 28, 2019

Assets

Total Assets through 2/28/2019 are \$256,938,243 a 2.4% decrease since February 2018 and a 3.33% increase since December 2018.

Charitable Remainder Trusts (CRT) and Charitable Gift Annuities (CGA)

The CRT and CGA funds have been adjusted to reflect the activity and balances per Kaspick & Company and the third-party account balances as of December 31, 2018.

Realized and Unrealized Gains and Losses on Investments

Net year-to-date realized losses were \$1,840, and unrealized gains were \$12,260,056, for a total gain of \$12,258,216.

Operating Fund

Total revenue was \$66,721 more than the budget, and total expenses were \$98,860 less than the budget, unrealized gains were \$22,952 on the operating reserve held in the Medium-Term Fund portfolio. The actual net operating deficit is \$368,934 compared to a budgeted deficit of \$490,746.

Note: The Expendable Operating Cash-on-Hand is at 3.9 months, excluding the operating reserve of \$500,000 and the building reserve of \$150,000.

Portfolio Performance

The market value of the Long-Term Fund portfolio at 2/28/2019 was \$180,080,408. The one-year Total Return for the Long-Term Endowment Portfolio was .08% compared to the Policy Index of 1.4%.

The market value of the Medium-Term Fund portfolio at 2/28/2019 was \$5,034,454. The one-year Total Return for the Long-Term Endowment Portfolio was 1.4% compared to the Policy Index of 2.2%.

The market value of the ESG Fund portfolio at 2/28/2019 was \$3,443,134. The one-year Total Return for the Long-Term Endowment Portfolio was 1.1% compared to the Policy Index of 1.8%.

The market value of the DRIM Fund portfolio at 2/28/2019 was \$2,812,024. The Total Return for the DRIM Portfolio, since inception, was 1.2% compared to the Policy Index of -9.2%. Due to the timing of the DRIM reports, there is a one-month lag in the performance reporting.

Special Program Funds

Special Program Funds include: Pathways to Safety, funded by the ACTION Council of Monterey County; the Center for Nonprofit Excellence funded by the David and Lucile Packard Foundation; the College Futures Foundation program, funded by the College Futures Foundation; the Monterey County Development Professionals, funded with the remaining assets from the dissolution of the Development Executive Network, to be used for professional development for people new to the fundraising field, and networking

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Two Months Ended February 28, 2019**

among those involved in fund development; and the Salinas Leadership project, funded by the James Irvine Foundation; and the Monterey County Gives annual campaign.

Total Special Program revenue was \$367,962 and total expenses were \$5,378,560, which includes grants totaling \$5,295,709 from the 2018 Monterey County Gives campaign.

Gifts, Pledges, Bequests, Future Funds Greater than \$25,000, and Grants

Total new contributions for the month were \$2,102,021, including:

Estate of Mary Shaw	2/5/2019	1,500,000	Will and Mary Shaw Fund
Big Sur Marathon Foundation	2/8/2019	50,000	Park It! Stewardship Fund
Dr. Allen E. Fuhs	2/26/2019	399,102	Fuhs Family Foundation Fund

Grants to agencies for the month totaling \$5,573,620 were approved and recorded. A complete list of the grants by grantee is included.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2019 and February 28, 2018

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2019</u>	<u>TOTAL February 28, 2018</u>
ASSETS							
Cash:							
Cash & Cash Equivalents	1,476,332	1,641,300	1,645,340	3,616,316	0	8,379,288	6,132,848
Investments - Long Term Fund Portfolio	0	0	128,685,289	51,395,119	0	180,080,408	189,114,389
Investments - Medium Term Fund Portfolio	564,133	0	0	4,470,320	0	5,034,454	4,675,346
Investments - ESG Fund Portfolio	0	0	2,940,683	502,452	0	3,443,134	3,026,401
Separately Invested - DRIM Portfolio	0	0	0	2,812,024	0	2,812,024	0
Total Cash & Investments	2,040,466	1,641,300	133,271,312	62,796,230	0	199,749,307	202,948,983
Accounts Receivable:							
Pledges & Contributions Receivable	0	0	4,000	12,750	382,250	399,000	560,750
Bequests & Remainder Interest	0	0	0	0	264,543	264,543	21,264,615
Investments in Transit	0	0	0	0	0	0	0
Due from OPER	0	0	1,242,670	0	0	1,242,670	1,299,733
Investment in an LLC	0	0	21,000,000	0	0	21,000,000	0
Charitable Remainder Trusts	0	0	0	0	28,677,893	28,677,893	31,766,414
Charitable Gift Annuities	0	0	0	0	3,449,120	3,449,120	3,716,462
Total Accounts Receivable	0	0	22,246,670	12,750	32,773,806	55,033,226	58,607,973
Other Assets:							
Prepaid Expenses	21,336	0	0	0	0	21,336	1,869
Property-Net of Depreciation	1,824,948	0	0	0	0	1,824,948	1,707,796
de Guigne Property Improvements	0	0	309,425	0	0	309,425	0
Total Other Assets	1,846,284	0	309,425	0	0	2,155,709	1,709,665
TOTAL ASSETS	3,886,750	1,641,300	155,827,407	62,808,980	32,773,806	256,938,243	263,266,622

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2019 and February 28, 2018

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2019</u>	<u>TOTAL February 28, 2018</u>
LIABILITIES & NET ASSETS							
Liabilities:							
Grants Payable	0	0	373,443	223,400	0	596,843	704,818
Contingent Liabilities	0	0	0	0	20,117,541	20,117,541	22,274,403
Funds held as Agency Endowments	0	0	5,618,470	0	0	5,618,470	5,927,483
Funds held as Stewardship Funds	0	0	0	21,850,007	0	21,850,007	22,394,260
Payroll, Misc. and Accts Payable	1,370,451	2,359	1,136	0	0	1,373,946	1,431,510
Total Liabilities	1,370,451	2,359	5,993,049	22,073,407	20,117,541	49,556,807	52,732,474
Net Assets:							
Net Assets-Beginning Balance	2,885,299	6,649,538	141,189,002	34,571,260	13,076,060	198,371,158	213,820,147
Change in Net Assets - Current Year	(369,000)	(5,010,597)	8,645,357	6,164,313	(419,795)	9,010,278	(3,285,999)
Total Net Assets	2,516,299	1,638,941	149,834,358	40,735,573	12,656,265	207,381,436	210,534,148
TOTAL LIABILITIES & NET ASSETS	3,886,750	1,641,300	155,827,407	62,808,980	32,773,806	256,938,243	263,266,622

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2019 and February 28, 2018

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2019</u>	<u>TOTAL February 28, 2018</u>
SUPPORT AND REVENUE:							
Contributions	2,589	0	17,179	2,892,092	0	2,911,859	1,058,304
Interfund Gifts	0	0	12,262	13,262	0	25,525	412,000
Pledge Payments Received	0	367,750	0	0	0	367,750	0
Future Contributions-A/R-Pledge-CRT-CGA	0	0	0	0	0	0	0
Contributions Received via Bequest	31,041	0	51,004	0	0	82,045	0
Change in Value, Split Interest Trusts, Future Assets	0	0	0	0	0	0	0
Gain/Loss on Sale of Property	0	0	0	0	0	0	0
Income from Related Party (LLC)	0	0	0	0	0	0	0
Interest & Dividend Income	10,169	212	165,324	83,721	0	259,426	209,813
Administrative Fees	20,717	0	0	0	0	20,717	16,088
Fees from Special Projects	4,242	0	0	0	0	4,242	2,584
Workshop and Contract Service Income	20,944	0	0	0	0	20,944	1,506
Misc Income/Returned Grants	10,500	0	0	0	0	10,500	131,154
Other Revenue	0	0	0	0	0	0	0
Total Support and Revenue	100,202	367,962	245,769	2,989,075	0	3,703,008	1,831,449
EXPENSES:							
Operating Expenses and Distributions:							
Salaries & Benefits	341,555	0	0	0	0	341,555	312,011
Administrative Costs	88,849	48,459	0	0	0	137,308	123,072
Occupancy Costs	25,751	0	0	0	0	25,751	36,193
Development Expenses	34,837	1,388	0	0	0	36,225	27,355
Board & Committee Expenses	1,095	0	0	0	0	1,095	711
Total Operating Expenses	492,088	49,847	0	0	0	541,934	499,342

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2019 and February 28, 2018

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2019</u>	<u>TOTAL February 28, 2018</u>
Grants and Grant Related Expenses:							
Grants	0	5,300,209	99,333	472,298	0	5,871,840	5,140,400
Interfund Grants	0	24,525	0	1,000	0	25,525	412,000
Pledge Payments Paid	0	0	0	0	367,750	367,750	0
Bequests Payments/Transfers	0	0	0	0	52,045	52,045	0
Other Expenses	0	3,979	5,029	1,760	0	10,768	12,861
Other Payments/Transfers	0	0	1,985	(1,985)	0	0	0
Grant Related Expenses	0	0	1,760	0	0	1,760	0
Administrative Fees	0	0	0	20,717	0	20,717	16,088
Fees to Managers	65	0	41,932	16,610	0	58,607	53,053
Total Grants and Grant Related Expenses	65	5,328,713	150,039	510,400	419,795	6,409,011	5,634,401
 Total Expenses and Grants	 492,153	 5,378,560	 150,039	 510,400	 419,795	 6,950,946	 6,133,743
 Excess of Revenues (Expenses)							
Before Gains on Investments & Transfers	(391,951)	(5,010,597)	95,730	2,478,675	(419,795)	(3,247,938)	(4,302,294)
 GAINS(LOSS) ON INVESTMENTS:							
Realized-Gain (Loss)	0	0	0	(1,840)	0	(1,840)	8,661
Unrealized-Gain(Loss)	22,952	0	8,549,627	3,687,478	0	12,260,056	1,007,634
 Total Gain/(Loss) on Investments	 22,952	 0	 8,549,627	 3,685,638	 0	 12,258,216	 1,016,295
 Change in Net Assets	 (369,000)	 (5,010,597)	 8,645,357	 6,164,313	 (419,795)	 9,010,278	 (3,285,999)
 Net Assets Beginning of Year	 2,885,299	 6,649,538	 141,189,002	 34,571,260	 13,076,060	 198,371,158	 213,820,147
 Net Assets, End of Period	 2,516,299	 1,638,941	 149,834,358	 40,735,573	 12,656,265	 207,381,436	 210,534,148

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
Combined Operating Fund Budget vs. Actual

For the Two Months Ended February 28, 2019 and February 28, 2018

	Year-To-Date			YTD Actual 2/28/2018
	Actual	Budget	Variance	
REVENUE				
Contributions - Foundations	119	2,500	(2,381)	2,500
Contributions - Indiv/Corp	2,470	6,200	(3,730)	4,050
Contributions - Interfund	0	0	0	0
Bequests Received	31,041	0	31,041	0
Admin Fees	20,717	0	20,717	16,088
Special Project Fees	4,242	2,014	2,228	2,584
Workshops/Contracts	20,944	20,000	944	1,506
Miscellaneous Income	10,500	267	10,233	22,171
Interest and Dividends	10,169	2,500	7,669	2,509
Total Revenue	100,202	33,481	66,721	51,407
EXPENSE				
Personnel				
Salaries and Wages	261,762	272,195	(10,433)	236,271
Payroll Taxes	23,497	19,946	3,550	22,268
Insurance and Other Benefits	56,297	62,675	(6,378)	53,472
Sub-total	341,555	354,816	(13,261)	312,011
Administrative				
Supplies	2,985	3,833	(848)	8,117
Equip / Computer Maintenance	11,480	10,380	1,100	11,634
Bank Charges	2,333	2,500	(167)	3,560
Printing	316	1,700	(1,384)	0
Postage / Freight	3,245	2,334	911	6,075
Dues/Subscriptions	19,606	21,579	(1,973)	15,508
Services (legal, acct, consult)	26,516	24,826	1,690	15,350
D&O Insurance	2,703	2,710	(7)	2,737
Telecommunications	2,810	3,066	(256)	3,208
Conferences & Training	5,910	4,150	1,760	5,695
Miscellaneous	(1,740)	0	(1,740)	60
Depreciation	12,686	12,686	0	13,728
Sub-total	88,849	89,764	(915)	85,672
Facilities				
Property / Liability Insurance	0	8,873	(8,873)	8,909
Maintenance / Repairs	669	1,834	(1,165)	1,913
Janitorial & Landscaping	3,485	3,416	69	3,440
Rent	8,057	8,664	(607)	7,711
Mortgage, Interest & Property Taxes	8,335	8,335	0	8,711
Utilities	5,204	5,166	38	5,509
Sub-total	25,751	36,288	(10,538)	36,193
Development, Program & Staff				
Donor Development	20,324	23,700	(3,376)	15,576
Advertising & Promotion	6,537	8,238	(1,701)	5,592
Mileage, Meals & Meetings	674	1,794	(1,120)	2,054
Workshops	6,569	6,480	89	97
Annual Meetings	399	0	399	0
Annual Report	0	0	0	250
Staff Recognition Expenses	334	1,931	(1,597)	591
Board & Committee Expenses	1,095	1,216	(121)	711
Sub-total	35,933	43,359	(7,426)	24,870
Total Expenses	492,088	524,227	(32,140)	458,746
Net Income / (Loss) Before Investment Returns	(391,886)	(490,746)	98,860	(407,339)
Realized Gains/(Losses)	0	0	0	1,010
Unrealized Gains/(Losses)	22,952	0	22,952	(4,024)
Net Income / (Loss) Including Investment Returns	(368,934)	(490,746)	121,812	(410,353)

2019 Finance Committee Goals

1. Determine the level of operating surplus necessary to sustain the growth of the operating budget.
2. Continued discussion on the best use of excess operating surpluses.
3. Discuss the database replacement and how it may affect financial reporting, management and processes.

**CFMC Grants and Programs Committee
2019 Goals**

1. Assess the impact and process of the Community Impact (CI) grantmaking program, taking into consideration:
 - Changes in the nonprofit and funding landscape since CI was implemented in 2012,
 - Dramatic growth in CFMC donor advised fund grants (DAF) vs. little change in competitive grantmaking available funds,
 - Potential impact of programmatic changes for nonprofit/grantee community,
 - The intersection of CI grantmaking and CFMC's community leadership in program areas (education, homelessness, affordable housing, disaster relief, etc.),
 - CFMC staff and volunteer capacity.
2. Make recommendations (as needed) to revise the CI grantmaking program.

Community Foundation for Monterey County

2016 - 2018 Inactive Donor Advised Funds

Endowed

Date Established	Fund ID	Fund Name	Fund Balance @ 12/31/2018
12/23/1994	FACT	Davis Factor, Jr. and Christine B. Factor Fund	116,691.64
6/15/2007	HICKS	Hicks Fund for the Arts	683.16
9/27/1999	HITCH	Elmer G. and William G. Hitchcock Fund	141,441.21
9/6/2006	LANSB	James and Susan Lansbury Fund	77,285.86
3/10/1988	SLSV	Fund for the Salinas Valley	89,813.08
6/30/1989	SROD	Salinas Rodeo Rotary Club Fund	11,614.30
1/22/1990	SSTR	Salinas Steinbeck Rotary Club Fund	1,944.29
			<hr/> 439,473.54

Non-endowed

Date Established	Fund ID	Fund Name	Fund Balance @12/31/2018
12/15/2016	BELLI	Lino and Teri Belli Family Fund	48,626.93
4/22/2014	CORW	Scott Corwon Fund	5,343.73
12/4/2008	GALLA	Tom and Mary Kay Gallagher Fund	1,203.13
12/4/2015	HEST	Joseph and Elizabeth Heston Family Foundation	228,046.92
12/20/2014	HODGE	Hodges Family Fund	22,062.30
4/1/2003	KILM2	Jack and Patricia Kilmartin Fund	343,719.86
11/24/1989	MILL2	Mills Family Fund	12,546.36
12/18/2015	NONE	Nonella Family Fund	19,496.46
			<hr/> 681,045.69

Community Foundation for Monterey County

2015 - 2018 Donor Advised Funds Statistics

Endowed Funds

	2018	2017	2016	2015
Number of Funds:	50	49	47	47
% of All DA Funds:	28%	30%	37%	44%
Total Assets @ 12/31:	26,392,559	29,223,390	25,677,613	24,187,964
Total Amount Granted:	1,146,184	1,026,090	718,043	826,292
% Payout: <i>(Payout calculation = Beginning of Year Fund Balance + Gifts / Grants)</i>	3.91%	4.00%	2.97%	4.00%
Number of Inactive Funds:	7	8		
% of Inactive Funds	14.00%	16.33%		
Inactive Fund Balances @ 12/31:	439,474	1,880,921		
% of Total Endowed DA Funds: <i>(no grants in the last 3-years, as of 12/31)</i>	4.50%	6.44%		

Non-Endowed Funds

	2018	2017	2016	2015
Number of Funds:	129	115	82	59
% of All DA Funds:	72%	70%	63%	56%
Total Assets @ 12/31:	29,415,920	34,417,738	28,194,263	18,593,146
Total Amount Granted:	11,022,324	8,967,007	6,928,899	4,314,847
% Payout: <i>(Payout calculation = Beginning of Year Fund Balance + Gifts / Grants)</i>	25.84%	21.86%	21.13%	18.65%
Number of Inactive Funds:	8	24		
% of Inactive Funds:	6.20%	20.87%		
Inactive Fund Balances @ 12/31:	681,046	1,507,871		
% of Total Non-Endowed DA Funds: <i>(no grants in the last 3-years, as of 12/31)</i>	2.31%	4.38%		

Grants by Region

Donor Advised Funds:	2018	2017	2016	2015
Monterey County	82.79%	91.08%	89.96%	86.99%
Other California Counties	8.93%	3.49%	4.23%	5.88%
Outside California	8.29%	5.43%	5.81%	7.13%
All Funds:	2018	2017	2016	2015
Monterey County	83.54%	89.95%	87.37%	88.39%
Other California Counties	9.51%	5.38%	6.41%	6.14%
Outside California	6.95%	4.67%	6.22%	5.47%



Inactive Funds Policy

(Draft, March 2019)

To carry out its mandate of granting charitable dollars, the Community Foundation for Monterey County (Foundation) periodically reviews the grantmaking activity of all donor-advised funds. The Foundation contacts donor advisors at least annually and encourages them to retain an active role in their donor-advised fund. Donor advisors who would like to delay recommendations for grantmaking in order to recommend a significant grant at a later date, or other circumstances, should communicate such to the Foundation, preferably via letter or email. These communications will be archived, and philanthropic services staff will periodically confirm with donor advisors that this remains their course of action.

If a donor-advised fund has made no grants for two consecutive full calendar years, the Foundation will contact the donor advisor(s) to encourage grantmaking and discuss intentions for the fund. The Inactive Funds Policy will be shared with the donor advisor(s).

If the donor advisor(s) is unresponsive and/or the fund does not make any grants for another year (three consecutive full calendar years with no grants) the advisor(s) will be given written notice via registered letter encouraging grantmaking and reminding them of the Foundation's Inactive Funds Policy.

In the event the fund has made no grants, the advisor cannot be located or is unresponsive for another year, making the fund inactive for a total of four consecutive years, the fund – whether endowed or non-endowed – will have that year's board-approved payout rate for endowed funds applied to the previous year-end fund balance, and the proceeds of such application will be utilized in the Foundation's primary discretionary grantmaking program as an unrestricted addition (currently the Community Impact grant program). If this continues for three additional years, and there is no communication from the donor advisor(s), the fund will be declared fully inactive. If the donor advisor(s) has provided the Foundation instructions on the use of the fund at their death or resignation, whether in the fund agreement or separately in writing, the fund will be administered in accordance with these instructions. Should there be no instructions, the fund will become a named component fund of the Foundation's unrestricted endowment.