



**Executive Committee Meeting
November 26, 2019~ 3:30 - 5:00 PM
945 S. Main Street, Salinas CA 93940**

AGENDA

- | | |
|--|------|
| 1. Call to Order – Birt Johnson, Jr. | 3:30 |
| 2. Approval of Minutes (1- 3) <ul style="list-style-type: none">• September 24, 2019 | 3:35 |
| 3. Chair Report – Birt Johnson, Jr. <ul style="list-style-type: none">• Celebration of Philanthropy Feedback• Holiday Social with Spouses - December 17• Board Retreat Agenda Discussion<ul style="list-style-type: none">• Saturday, January 18 or 25, 2019 8:45-1:00• 2020 Schedule of Meetings (4-5) | 3:40 |
| 4. Treasurer's Report – Jan Vanderbilt <ul style="list-style-type: none">• October Financials Summary (6-14)• 2020 Operating Budget Update | 3:45 |
| 5. Grants and Programs Committee – Ida Lopez Chan <ul style="list-style-type: none">• Grant approvals (15) | 4:00 |
| 6. Investment Committee – Ken Petersen <ul style="list-style-type: none">• 2020 Spending Policy• Revised Investment Policy Statement (16-32) | 4:05 |
| 7. Governance Committee – Ken Petersen <ul style="list-style-type: none">• Nominating Update• 2nd -Term Renewals | 4:15 |
| 8. New Funds – Dan Baldwin <ul style="list-style-type: none">• <u>Agency Stewardship Fund</u><ul style="list-style-type: none">• Carmel Valley Angel Project Stewardship Fund | 4:25 |
| 9. President/CEO Report – Dan Baldwin <ul style="list-style-type: none">• Real Estate Updates• League of California Community Foundations meeting• Monterey County Gives! | 4:30 |

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

- MILPA Update
- 2020 Goals

12. Executive Session

Adjourn

Next Executive Committee Meeting: March 26, 2020
945 S. Main Street #207 Salinas, CA



**Executive Committee Meeting
2354 Garden Road
September 24, 2019**

MINUTES

Committee Members Present: Birt Johnson, Jr., Teri Belli, Ida Lopez Chan, Nolan Kennedy, Michael Reid, and Jan Vanderbilt

Absent: Ken Petersen

A quorum was established.

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

CALL TO ORDER – Birt Johnson, Jr.

Birt Johnson called the regular meeting of the Executive Committee of the Community Foundation for Monterey County to order at 3:34 on September 24, 2019 at the Foundation's Monterey office. Birt welcomed Maija West to the committee as the treasurer, replacing Jeff Eikenberry.

APPROVAL OF MINUTES

Motion: to approve the July 16, 2019 executive committee minutes as written.

Nolan Kennedy/Ida Lopez Chan second. Motion carried unanimously

REPORT OF THE CHAIR – Birt Johnson, Jr.

Birt encouraged the board to attend the Celebration of Philanthropy, October 30, 2019 at Corral de Tierra County Club. The Honorable Lydia Villareal has agreed to receive the Distinguished Trustee Award.

The committee discussed their schedules for the Thanksgiving holiday week and agreed to keep the November 26 date for the next executive committee meeting.

TREASURERS REPORT – Jan Vanderbilt

Jan Vanderbilt reported the August and September financial statements will be reviewed and approved at the October board meeting. She reviewed the August 31 financials and reported the operating fund is still under budget.

RESOURCE DEVELOPMENT– Michael Reid

Michael Reid highlighted the events and activities the philanthropic services team are involved in. A subcommittee has been created to work on the myths and misconceptions of CFMC in the community. They are developing a PowerPoint to present at the October board meeting.

Christine Dawson summarized the launch of the 2019 Monterey County Gives! campaign, which has 162 nonprofit organizations participating. November 7 is the opening day of the campaign.

On October 10, Anne Westreich of Verus and Dan Baldwin will do investment briefings for donors and nonprofit agencies. They will discuss portfolio performance, investment policy and strategy.

The community members interested in forming a Carmel Valley Affiliate Fund met at Holman Ranch for an educational overview. The Big Sur community is exploring an affiliate fund as well.

GRANTS AND PROGRAMS COMMITTEE – Ida Lopez Chan

Ida Lopez Chan recommended approval of the donor advised, interfund transfers and other grants over \$50,000.

1. Fund: Neumeier Taylor Foundation Fund
Organization: San Miguel Community Foundation
Amount: \$100,000
Purpose: El Charco

Note: The San Miguel Community Foundation is located in Laredo, TX.

Motion: to approve the grant from the Neumeier Taylor Foundation Fund to the San Miguel Community Foundation El Charco project for \$100,000.

Ida Lopez Chan/Maija West second. Motion carried unanimously

INVESTMENT COMMITTEE – Dan Baldwin for Ken Petersen

Dan reported the committee's next meeting is November 4, when the revised 2019 Investment Policy Statement will be finalized. Gif Lehman, Steve Dart, Anne Westreich, Ken Petersen and Dan Baldwin have been preparing the new draft. It will go before to the board in December for approval.

GOVERNANCE COMMITTEE – Dan Baldwin for Ken Petersen

Dan reported the committee will review the nominations for the 2020 board and bring recommendations to the October board meeting.

Michael Reid asked a question about opportunities for youth in philanthropy as potential board nominees. Maija West noted there are future youth leaders coming up through the Women's Fund Scholarships.

COMMUNITY IMPACT INVESTMENT COMMITTEE – Nolan Kennedy

Nolan reported the committee is assessing an assortment of countywide projects. They will continue to discuss the opportunities, risks and outcomes of the impact investing collaborations presented to them.

NEW FUND APPROVALS – Dan Baldwin

Non-Endowed Donor Advised Fund

- Thau Family Fund

Non-Endowed Scholarship Fund

- The Club at Pasadera Scholarship Fund

PRESIDENT/CEO REPORT - Dan Baldwin

3200 17 Mile Drive

The 3200/3204 17 Mile Drive property is in escrow with a \$21 million cash offer. There is also a backup offer.

The committee has submitted a claim for refund of property taxes with the county Board of Supervisors. The claim is for consideration of an exempt nonprofit property tax status during the period the CFMC has owned the property. They are waiting for a response and will consider next steps once the status of the claim is known.

Other Real Estate

The Brooks CRT is complete and the property sold in Carmel by the Sea.

The Evelyn Torres Unitrust has added a residence which will go on the market in mid-October or November.

The trust is being established for the Ruh's property in Los Gatos. They hope to transfer the title by November 1, then the property will go on the market.

The CFMC 75th Anniversary

An Advisory committee was formed and met September 23 to discuss the direction for the 75th Anniversary occurring in 2020. Amanda Holder reviewed some historic research and ideas for a variety of activities. The group agreed a sit-down dinner in place of the Celebration of Philanthropy reception was a good idea. The staff will reach out to venues capable of holding 300-500 people, as well as sponsors to offset the expenses.

Sherrie McCullough suggested the CFMC embrace the local non-profits as partners and highlight how we work together for the community. The committee will meet in January 2020 to expand on ideas.

2020 Census

The CFMC will utilize funds provided by the State of CA to the County of Monterey to hire three local consultants. These consultants will work with community groups under the CFMC's guidance to help CFMC with our Census 2020 grantmaking process – including the re-granting process of \$240,000 to Monterey County organizations that represent the hard to count populations.

The CFMC is taking a leadership role in making sure the census count for Monterey County is as complete as possible.

Item not on the Agenda

The board has decided to do a board self-assessment. A sub-committee (Ida Lopez Chan, Nolan Kennedy, and Maija West) are working on drafting the survey. The intent is to get feedback from the board about how things are going, improvements, board orientation and culture. Do they feel engaged? The goal is to have the results by the December board meeting.

Meeting adjourned at 5:00. There was no executive session.

Next Executive Committee Meeting is:

- **Tuesday, November 26, 2019 in the Salinas Office**

Minutes prepared by: _____
Julie Conrad, Administrative Services Manager

Approved by: _____
Maija West, Secretary

Board and Committee Meetings 2020

DRAFT 11/19

(The Board, Executive and Committee meetings locations are subject to change)

Board Meetings-Tuesdays

** Meetings held from 3:30pm-5:30pm the fourth Tuesday every other month.*

- | | |
|--------------------|---|
| • January 14 | New Board Orientation |
| • January 18 or 25 | Board Retreat TBD |
| • February 25 | Monterey Office |
| • April 28 | Monterey Office |
| • June 23 | Salinas Office |
| • August 25 | Monterey Office |
| • October 27 | Salinas Office |
| • December 22th | Monterey Office To Be Confirmed |
- Holiday Social following the meeting 5:45 – 7:00

Executive Committee -Tuesdays

** Meetings held from 3:30 pm – 5:00 pm*

- | | |
|----------------|---|
| • March 24 | Salinas Office |
| • May 26 | Monterey Office |
| • July 28 | Salinas Office (rescheduled from 23rd) |
| • September 22 | Monterey Office |
| • November 24 | Salinas Office |

Finance Committee -Tuesdays

** All meetings held from 2:00 pm – 3:30 the fourth Tuesday every other month.
(Before the Board meeting)*

- | | |
|-----------------|---|
| • February 25 | Monterey Office |
| • April 28 | Monterey Office |
| • June 23 | Salinas Office |
| • August 25 | Monterey Office |
| • October 27 | Salinas Office |
| • November TBD | Special finance committee meeting |
| • December 22th | Monterey Office To Be Confirmed |

Investment Committee – Mondays Quarterly

** All meetings held from 3:00 pm – 5:00 pm the second Monday of the second month of each quarter at the CFMC **Monterey office**.*

- Monday, February 10, 3:00 – 5:00PM
- Monday, May 11, 3:00 – 5:00PM
- Monday, August 10, 3:00 – 5:00PM
- Monday, November 9, 3:00 - 5:30PM (extended meeting)

Resource Development Committee- Pending 2020 schedule

** All meetings held quarterly from 3:30 pm – 5:00 pm at the CFMC's **Monterey Office**.*

- Wednesday, March 6, 2019
- Wednesday, June 26, 2019
- Wednesday, October 2, 2019

Grants and Programs Committee - Wednesdays- held quarterly

** All meetings held from 9:00 am – 10:30 am at the CFMC's **Monterey office**.*

- Wednesday, February 5
- Wednesday, May 6
- Wednesday, August 5
- Wednesday, October 7
-

Endowment Stewardship Committee

All meetings held from 2:00 pm – 4:00pm at the **Monterey office.*

- Monday, July 20
- Monday, November 16

Additional dates of interest to the Board:

- January XX - 2019 Board Retreat 2354 Garden Road
- The CF Board Basics Course
- February 4 - Legacy Society Luncheon – Monterey Plaza Hotel
- May 12 - Women's Fund Luncheon – Thursday, Monterey Hyatt Hotel
- June - Past Chairs Luncheon
- League of CA CF's CEO/Chair Retreat
- October XX - CFMC 75th Anniversary Celebration of Philanthropy



Here for Good

Community Foundation
for Monterey County

FINANCIAL STATEMENT

For the Ten Months Ended October 31, 2019

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
FINANCIAL REPORTS
For the Ten Months Ended October 31, 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 Ten Months Ended October 31, 2019

Assets

Total Assets through 10/31/2019 are \$276,504,810 a 7.98% increase since October 2018 and an 11.20% 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. In October, Richard Ruh and Wendy Palmer established the Palmeroo CRT with \$10,000 cash and a house in Monte Sereno, CA valued at \$1,600,000, with a remainder value calculated at \$635,660; and Janet Morse established a CGA with stock valued at \$40,350, and has a calculated remainder value of \$27,227, for the benefit of Carmel Valley Manor Foundation.

Realized and Unrealized Gains and Losses on Investments

Net year-to-date realized losses were \$18,657, and unrealized gains were \$20,586,056, for a total gain of \$20,567,399.

Operating Fund

Total revenue was \$111,633 more than the budget, and total expenses were \$118,909 less than the budget, unrealized gains were \$51,274 on the operating reserve held in the Medium-Term Fund portfolio. The actual net operating deficit is \$60,536 compared to a budgeted deficit of \$342,038.

Note: The Expendable Operating Cash-on-Hand is at 5.7 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 10/30/2019 was \$196,954,211. The one-year Total Return for the Long-Term Endowment Portfolio was 9.4% compared to the Policy Index of 11.0%.

The market value of the Medium-Term Fund portfolio at 10/31/2019 was \$7,406,085. The one-year Total Return for the Long-Term Endowment Portfolio was 10.5% compared to the Policy Index of 11.4%.

The market value of the ESG Fund portfolio at 10/31/2019 was \$3,794,591. The one-year Total Return for the Long-Term Endowment Portfolio was 12.3% compared to the Policy Index of 12.5%.

The market value of the DRIM Fund portfolio at 10/31/2019 was \$2,779,792. The one-year Total Return for the DRIM Portfolio was 5.4% compared to the Policy Index of -8.3%. 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 Ten Months Ended October 31, 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.

In September, we became co-trustee of the Rudy Futer Pony Trust, which was established by Mr. Futer for the care of his miniature ponies. The remaining ponies are Rooster, Rusty, Sable and Trooper. The current value of the trust is \$339,732. When the trust terminates, the remainder will be added to the Rudy E. Futer Fund for Human & Humane Needs.

Total Special Program revenue was \$1,620,193 and total expenses were \$5,823,366, 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 \$2,642,343, including:

| Donor | Date | Amount | Fund |
|--|-------------|---------------|--|
| Ms. Janet W. Morse | 10/4/2019 | 40,350 | CGA Investment |
| Mr. Richard Ruh and Mrs. Wendy Palmer | 10/15/2019 | 1,610,000 | CRT Funds with CF as Trustee (Kaspick) |
| Carmel Realty Company | 10/25/2019 | 30,000 | The Carmel Realty Foundation |
| Dr. George Somero and Dr. Amy Anderson | 10/30/2019 | 74,685 | Amy Anderson and George Somero Fund |
| Mrs. Cornelia Holden and Mr. Kevin Hicks | 10/30/2019 | 40,172 | Global Student Leadership Fund |

Contribution/Bequest Receivables

We recorded payment on a receivable in the amount of \$72,276 from the Ventura County Community Foundation for the Census 2020 Fund.

Grants to agencies for the month totaling \$448,101 were approved and recorded.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Ten Months Ended October 31, 2019 and October 31, 2018

| | <u>COMBINED OPERATING</u> | <u>SPECIAL PROGRAMS</u> | <u>ENDOWMENT</u> | <u>NON ENDOWED</u> | <u>BEQUEST, CRT RECEIVABLES</u> | <u>TOTAL October 31, 2019</u> | <u>TOTAL October 31, 2018</u> |
|--|--------------------------------------|------------------------------------|-------------------------|-------------------------------|--|--|--|
| ASSETS | | | | | | | |
| Cash: | | | | | | | |
| Cash & Cash Equivalents | 1,651,134 | 2,112,251 | 2,374,968 | 3,374,796 | 0 | 9,513,150 | 9,280,416 |
| Investments - Long Term Fund Portfolio | 0 | 0 | 137,223,470 | 59,730,741 | 0 | 196,954,211 | 174,925,134 |
| Investments - Medium Term Fund Portfolio | 601,284 | 0 | 0 | 6,804,801 | 0 | 7,406,085 | 4,653,567 |
| Investments - ESG Fund Portfolio | 0 | 0 | 3,209,214 | 585,377 | 0 | 3,794,591 | 3,380,555 |
| Separately Invested - DRIM Portfolio | 0 | 0 | 0 | 2,779,792 | 0 | 2,779,792 | 2,960,855 |
| Separately Invested - Pony Trust | 0 | 339,732 | 0 | 0 | 0 | 339,732 | 0 |
| Total Cash & Investments | 2,252,418 | 2,451,983 | 142,807,652 | 73,275,508 | 0 | 220,787,561 | 195,200,526 |
| Accounts Receivable: | | | | | | | |
| Pledges & Contributions Receivable | 0 | 0 | 4,000 | 12,750 | 577,663 | 594,413 | 16,750 |
| Bequests & Remainder Interest | 0 | 0 | 0 | 0 | 264,615 | 264,615 | 264,615 |
| Due from OPER | 0 | 0 | 1,201,522 | 0 | 0 | 1,201,522 | 1,262,302 |
| Investment in an LLC | 0 | 0 | 21,000,000 | 0 | 0 | 21,000,000 | 21,000,000 |
| Charitable Remainder Trusts | 0 | 0 | 0 | 0 | 26,686,337 | 26,686,337 | 32,704,310 |
| Charitable Gift Annuities | 0 | 0 | 0 | 0 | 3,724,470 | 3,724,470 | 3,776,462 |
| Total Accounts Receivable | 0 | 0 | 22,205,522 | 12,750 | 31,253,085 | 53,471,358 | 59,024,439 |
| Other Assets: | | | | | | | |
| Prepaid Expenses | 33,903 | 0 | 0 | 0 | 0 | 33,903 | 1,545 |
| Property-Net of Depreciation | 1,865,486 | 0 | 0 | 0 | 0 | 1,865,486 | 1,835,799 |
| de Guigne Property Improvements | 0 | 0 | 346,501 | 0 | 0 | 346,501 | 0 |
| Total Other Assets | 1,899,390 | 0 | 346,501 | 0 | 0 | 2,245,891 | 1,837,344 |
| TOTAL ASSETS | 4,151,807 | 2,451,983 | 165,359,675 | 73,288,258 | 31,253,085 | 276,504,810 | 256,062,308 |

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Ten Months Ended October 31, 2019 and October 31, 2018

| | <u>COMBINED OPERATING</u> | <u>SPECIAL PROGRAMS</u> | <u>ENDOWMENT</u> | <u>NON ENDOWED</u> | <u>BEQUEST, CRT RECEIVABLES</u> | <u>TOTAL October 31, 2019</u> | <u>TOTAL October 31, 2018</u> |
|---|--------------------------------------|------------------------------------|-------------------------|-------------------------------|--|--|--|
| LIABILITIES & NET ASSETS | | | | | | | |
| Liabilities: | | | | | | | |
| Grants Payable | 0 | 0 | 377,993 | 615,021 | 0 | 993,014 | 726,783 |
| Contingent Liabilities | 0 | 0 | 0 | 0 | 20,009,483 | 20,009,483 | 22,793,102 |
| 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 | 1,328,011 | 8,874 | 714 | 0 | 0 | 1,337,599 | 1,456,363 |
| Total Liabilities | 1,328,011 | 8,874 | 5,997,177 | 22,465,028 | 20,009,483 | 49,808,573 | 53,297,991 |
| 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 | (61,503) | (4,206,428) | 18,173,497 | 16,251,970 | (1,832,458) | 28,325,079 | (11,055,830) |
| Total Net Assets | 2,823,796 | 2,443,110 | 159,362,499 | 50,823,230 | 11,243,602 | 226,696,236 | 202,764,317 |
| TOTAL LIABILITIES & NET ASSETS | 4,151,807 | 2,451,983 | 165,359,675 | 73,288,258 | 31,253,085 | 276,504,810 | 256,062,308 |

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Ten Months Ended October 31, 2019 and October 31, 2018

| | <u>COMBINED OPERATING</u> | <u>SPECIAL PROGRAMS</u> | <u>ENDOWMENT</u> | <u>NON ENDOWED</u> | <u>BEQUEST, CRT RECEIVABLES</u> | <u>TOTAL October 31, 2019</u> | <u>TOTAL October 31, 2018</u> |
|---|--------------------------------------|------------------------------------|-------------------------|-------------------------------|--|--|--|
| SUPPORT AND REVENUE: | | | | | | | |
| Contributions | 52,904 | 872,039 | 796,733 | 14,745,488 | 0 | 16,467,164 | 12,652,523 |
| Interfund Gifts | 49,874 | 32,000 | 72,408 | 2,563,635 | 0 | 2,717,916 | 1,119,818 |
| Pledge Payments Received | 0 | 367,750 | 0 | 72,276 | 0 | 440,026 | 1,794,000 |
| Future Contributions-A/R-Pledge-CRT-CGA | 0 | 0 | 0 | 0 | 1,946,386 | 1,946,386 | 1,758,054 |
| Contributions Received via Bequest | 170,002 | 346,842 | 6,127,662 | 0 | 20,000 | 6,664,505 | 21,052,685 |
| Change in Value, Split Interest Trusts, Future Assets | 0 | 0 | 0 | 0 | 2,930,735 | 2,930,735 | 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 | 57,060 | 1,563 | 2,270,096 | 1,075,760 | 0 | 3,404,478 | 3,235,681 |
| Administrative Fees | 2,019,812 | 0 | 0 | 0 | 0 | 2,019,812 | 2,035,965 |
| Fees from Special Projects | 22,006 | 0 | 0 | 0 | 0 | 22,006 | 24,676 |
| Workshop and Contract Service Income | 25,074 | 0 | 0 | 0 | 0 | 25,074 | 7,173 |
| Misc Income/Returned Grants | 67,631 | 0 | 44,780 | 3,066 | 0 | 115,478 | 155,880 |
| Total Support and Revenue | 2,464,363 | 1,620,193 | 9,311,679 | 18,460,224 | 4,897,121 | 36,753,580 | 43,836,457 |
| EXPENSES: | | | | | | | |
| Operating Expenses and Distributions: | | | | | | | |
| Salaries & Benefits | 1,773,310 | 0 | 0 | 0 | 0 | 1,773,310 | 1,710,654 |
| Administrative Costs | 447,960 | 183,301 | 0 | 0 | 0 | 631,261 | 549,154 |
| Occupancy Costs | 143,525 | 0 | 0 | 0 | 0 | 143,525 | 148,000 |
| Development Expenses | 209,767 | 14,667 | 0 | 0 | 0 | 224,434 | 221,730 |
| Board & Committee Expenses | 2,265 | 0 | 0 | 0 | 0 | 2,265 | 3,155 |
| Total Operating Expenses | 2,576,825 | 197,968 | 0 | 0 | 0 | 2,774,793 | 2,632,694 |

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Ten Months Ended October 31, 2019 and October 31, 2018

| | <u>COMBINED OPERATING</u> | <u>SPECIAL PROGRAMS</u> | <u>ENDOWMENT</u> | <u>NON ENDOWED</u> | <u>BEQUEST, CRT RECEIVABLES</u> | <u>TOTAL October 31, 2019</u> | <u>TOTAL October 31, 2018</u> |
|--|-------------------------------|-----------------------------|------------------------|------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Grants and Grant Related Expenses: | | | | | | | |
| Grants | 0 | 5,386,245 | 4,096,618 | 5,784,212 | 0 | 15,267,074 | 14,498,403 |
| Interfund Grants | 0 | 224,525 | 331,730 | 2,161,661 | 0 | 2,717,916 | 1,119,818 |
| Pledge Payments Paid | 0 | 0 | 0 | 0 | 440,026 | 440,026 | 1,794,000 |
| Bequests Payments/Transfers | 0 | 0 | 0 | 0 | 6,252,717 | 6,252,717 | 21,000,000 |
| Other Expenses | 0 | 14,628 | (762,708) | 250 | 0 | (747,830) | 4,679,541 |
| Other Payments/Transfers | 0 | 0 | (43,264) | 43,264 | 0 | 0 | 0 |
| Grant Related Expenses | 0 | 0 | 1,760 | 0 | 0 | 1,760 | 0 |
| Administrative Fees | 0 | 0 | 1,487,898 | 495,079 | 36,835 | 2,019,812 | 2,035,965 |
| Fees to Managers | 314 | 0 | 189,903 | 79,414 | 0 | 269,631 | 262,696 |
| Total Grants and Grant Related Expenses | 314 | 5,625,398 | 5,301,937 | 8,563,880 | 6,729,579 | 26,221,107 | 45,390,423 |
| Total Expenses and Grants | 2,577,139 | 5,823,366 | 5,301,937 | 8,563,880 | 6,729,579 | 28,995,900 | 48,023,117 |
| Excess of Revenues (Expenses) | | | | | | | |
| Before Gains on Investments & Transfers | (112,776) | (4,203,173) | 4,009,742 | 9,896,344 | (1,832,458) | 7,757,680 | (4,186,661) |
| GAINS(LOSS) ON INVESTMENTS: | | | | | | | |
| Realized-Gain (Loss) | 0 | (2,406) | 0 | (16,251) | 0 | (18,657) | 136,749 |
| Unrealized-Gain(Loss) | 51,274 | (850) | 14,163,755 | 6,371,877 | 0 | 20,586,056 | (7,005,918) |
| Total Gain/(Loss) on Investments | 51,274 | (3,256) | 14,163,755 | 6,355,626 | 0 | 20,567,399 | (6,869,169) |
| Change in Net Assets | (61,503) | (4,206,428) | 18,173,497 | 16,251,970 | (1,832,458) | 28,325,079 | (11,055,830) |
| 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 | 2,823,796 | 2,443,110 | 159,362,499 | 50,823,230 | 11,243,602 | 226,696,236 | 202,764,317 |

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
Combined Operating Fund Budget vs. Actual
For the Ten Months Ended October 31, 2019 and October 31, 2018

| | Year-To-Date | | | YTD Actual 10/31/2018 |
|---|------------------|------------------|------------------|--------------------------|
| | Actual | Budget | Variance | |
| REVENUE | | | | |
| Contributions - Foundations | 39,264 | 2,500 | 36,764 | 2,524 |
| Contributions - Indiv/Corp | 13,640 | 32,500 | (18,860) | 12,935 |
| Contributions - Interfund | 49,874 | 39,523 | 10,351 | 44,007 |
| Pledge Payments Received | 0 | 0 | 0 | 0 |
| Bequests Received | 170,002 | 61,311 | 108,691 | 52,685 |
| Admin Fees | 2,019,812 | 2,130,324 | (110,512) | 2,035,965 |
| Special Project Fees | 22,006 | 10,070 | 11,936 | 24,676 |
| Workshops/Contracts | 25,074 | 22,400 | 2,674 | 7,173 |
| Miscellaneous Income | 67,631 | 41,602 | 26,029 | 45,772 |
| Interest and Dividends | 57,060 | 12,500 | 44,560 | 25,835 |
| Total Revenue | 2,464,363 | 2,352,730 | 111,633 | 2,251,573 |
| EXPENSE | | | | |
| Personnel | | | | |
| Salaries and Wages | 1,375,516 | 1,429,022 | (53,506) | 1,331,696 |
| Payroll Taxes | 99,850 | 104,719 | (4,870) | 97,476 |
| Insurance and Other Benefits | 297,943 | 319,437 | (21,494) | 281,482 |
| Sub-total | 1,773,310 | 1,853,178 | (79,869) | 1,710,654 |
| Administrative | | | | |
| Supplies | 16,819 | 17,198 | (379) | 19,087 |
| Equip / Computer Maintenance | 98,271 | 91,553 | 6,718 | 100,141 |
| Bank Charges | 18,088 | 12,000 | 6,088 | 10,679 |
| Printing | 11,364 | 15,395 | (4,031) | 7,933 |
| Postage / Freight | 14,076 | 15,220 | (1,144) | 15,336 |
| Dues/Subscriptions | 28,691 | 35,824 | (7,133) | 20,449 |
| Services (legal, acct, consult) | 38,461 | 39,910 | (1,449) | 110,339 |
| D&O Insurance | 113,013 | 110,340 | 2,673 | 3,237 |
| Telecommunications | 13,332 | 15,330 | (1,998) | 14,908 |
| Conferences & Training | 30,346 | 27,950 | 2,396 | 21,565 |
| Miscellaneous | 2,070 | 7,900 | (5,830) | 4,996 |
| Depreciation | 63,430 | 63,430 | 0 | 68,640 |
| Sub-total | 447,960 | 452,050 | (4,090) | 397,310 |
| Facilities | | | | |
| Property / Liability Insurance | 11,794 | 12,000 | (206) | 11,625 |
| Maintenance / Repairs | 7,359 | 9,170 | (1,811) | 9,840 |
| Janitorial & Landscaping | 18,077 | 17,080 | 997 | 16,345 |
| Rent | 40,762 | 43,320 | (2,558) | 39,577 |
| Mortgage, Interest & Property Taxes | 40,995 | 40,995 | 0 | 44,604 |
| Utilities | 24,538 | 25,830 | (1,292) | 26,010 |
| Sub-total | 143,525 | 148,395 | (4,870) | 148,000 |
| Development, Program & Staff | | | | |
| Donor Development | 91,377 | 88,650 | 2,727 | 77,809 |
| Advertising & Promotion | 40,210 | 38,034 | 2,176 | 35,226 |
| Mileage, Meals & Meetings | 8,359 | 9,970 | (1,611) | 8,662 |
| Workshops | 37,970 | 42,056 | (4,086) | 23,180 |
| Annual Meetings | 2,236 | 29,500 | (27,264) | 25,734 |
| Annual Report | 26,279 | 26,000 | 279 | 24,463 |
| Staff Recognition Expenses | 2,369 | 3,050 | (681) | 2,128 |
| Board & Committee Expenses | 2,265 | 3,884 | (1,619) | 3,155 |
| Sub-total | 211,065 | 241,144 | (30,079) | 200,356 |
| Total Expenses | 2,575,859 | 2,694,768 | (118,909) | 2,456,321 |
| Net Income / (Loss) Before Investment Returns | (111,496) | (342,038) | 230,542 | (204,748) |
| Realized Gains/(Losses) | 51,274 | 0 | 51,274 | 1,010 |
| Unrealized Gains/(Losses) | 0 | 0 | 0 | (25,745) |
| Investment Management Fee | 314 | 0 | 314 | |
| Net Income / (Loss) Including Investment Returns | (60,536) | (342,038) | 281,502 | (229,483) |



**BOARD ACTION ITEM: GRANTS AND PROGRAMS
GRANTS OF \$50,000+
November 26, 2019**

Approve Donor Advised, Other Grants and Interfund Transfers of \$50,000+

1. Fund: Census 2020 Fund

Organization: ACTION Council Monterey County

Amount: \$50,000

Purpose: Census 2020 Collaborative (Salinas, South County, Seaside)

2. Fund: Census 2020 Fund

Organization: The Coalition of Homeless Services Providers

Amount: \$65,650

Purpose: iCount Campaign and Census Celebration (Salinas and Monterey Peninsula)

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

I. Introduction

The Board of Directors (BOD) of the Community Foundation for Monterey County (the Foundation) has adopted this Investment Policy Statement (IPS) in recognition of its responsibility to supervise the investment of the Foundation's assets in accordance with the Foundation's mission statement: "To inspire philanthropy and be a catalyst for strengthening communities throughout Monterey County."

II. Statement of Purpose

The purpose of this Investment Policy Statement is to set forth in writing: (1) an appropriate set of objectives and goals regarding the investment of the assets of the Foundation; and (2) investment policies and practices designed to satisfy the continuing financial obligations of the Foundation.

III. Statement of Responsibilities

The following parties associated with the Foundation's assets shall discharge their respective responsibilities in accordance with all applicable fiduciary standards as follows: (1) in the sole interest of meeting the financial goals of the Foundation and its mission; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent expert acting in like capacity and familiar with such matters would use and (3) by diversifying the investments so as to minimize the risk of large losses.

A. BOD: The BOD maintains the ultimate fiduciary responsibility for the investment of the Foundation's assets. As such, the BOD is authorized to delegate certain responsibilities and may employ or arrange for the services of such other persons, agents or assistants that are necessary or desirable for the proper administration of the Foundation's assets, and to pay reasonable compensation for their services and expenses. In addition to the aforementioned responsibilities, the BOD is responsible for the following:

1. The BOD will approve an appropriate investment policy statement, including the broad asset allocation for the various portfolios;
2. The BOD Chairperson will appoint the Investment Committee members annually; and
3. The BOD will approve the spending policy, which includes the payout rate for endowed funds.

B. Investment Committee: The committee consists of a Chairperson who is a current member of the BOD and shall include the Treasurer. A complete committee description is on file at the Foundation's office. The Investment Committee has been delegated authority to perform the following activities:

1. Develop the IPS for approval by the BOD. Review the document periodically to ensure its appropriateness and recommend changes to the BOD;
2. Formulate overall investment strategy and related asset allocation recommendations

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

- but retain authority over sub-allocations within the broad asset allocations;
3. Select qualified investment managers, advisors, and custodians and take action to replace such for failure to perform as expected, or other criteria deemed relevant by the Investment Committee;
 4. Monitor and evaluate performance results for compliance with the IPS and to assure performance objectives are met and fees are reasonable;
 5. Monitor and evaluate performance results for Foundation assets not covered under this IPS, including charitable remainder trusts, charitable gift annuities and Donor Recommended Investment Management (DRIM) portfolios;
 6. Recommend the annual payout rate to the BOD; and
 7. Provide timely communication of investment performance to the BOD.
- C. Investment Managers: Investment managers are delegated the responsibility of investing and managing assets in accordance with this IPS, their individual guidelines and all applicable law. Each investment manager must either be: (1) registered under the Investment Company Act of 1940; (2) registered under the Investment Advisors Act of 1940; (3) a bank, as defined in that Act; (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets; or (5) such other person or organization authorized by applicable law or regulation to function as an investment manager.
- D. Investment Consultant: The Investment Consultant is charged with advising the Committee on:
1. IPS development, review and revision;
 2. Asset allocation;
 3. The selection and monitoring of investment managers;
 4. Providing performance analysis; and
 5. Assisting with rebalancing, and the generation of rebalance sheets and directives to conform to the asset allocations consistent with the IPS.
- E. Planned Gift Administrator: The Planned Gift Administrator is delegated the responsibility of investing and managing the Foundation's charitable trusts, annuity assets and other similar arrangements. The management of the assets will align with the investment advisory contract, the statement of investment guidelines and other instructions provided by the Foundation. The Administrator will provide the Investment Committee with detailed quarterly investment reports, and other reports, as requested. The Administrator will also perform trust and payment accounting, make payments to trust beneficiaries and provide annual tax returns for all charitable trusts trustee by the Foundation.
- F. Donor Recommended Investment Advisors (DRIM): The Foundation has created a program through which donors may recommend investment managers for assets they donate to the Foundation. The DRIM policy is attached as Appendix E.
- G. Community Impact Investment Committee: The BOD has delegated authority of the

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

Impact Investment portfolio to the Community Impact Investment Committee. The authority includes, investment decisions, and the authority to define what returns are deemed acceptable. Additional detail of the committee's objectives and responsibilities is contained in the Community Impact Investment Policy Statement.

- H. Custodian(s): The Custodian(s) is charged with the responsibility for safekeeping securities, managing collections and disbursements, and providing periodic accounting statements.

IV. **Statement of Investment Philosophy**

- A. The Foundation's investment objective is long-term growth and preservation of capital. Accordingly, the portfolio shall be invested to provide safety through diversification in a portfolio of common stocks, bonds, cash equivalents, and alternative investments, all of which may reflect varying rates of return.
- B. The BOD and the Investment Committee are committed to: (1) protecting the corpus of the portfolios; (2) obtaining adequate investment returns sufficient to meet the Foundation's current and expected future financial requirements; and (3) complying with applicable law.
- C. The portfolios shall be managed in a prudent manner, as defined by the Uniform Prudent Management of Institutional Funds Act, recognizing risk and return trade-offs. Sufficient liquidity shall also be maintained to meet the Foundation's obligations for grant making and fees.
- D. The BOD and Investment Committee's policy regarding investment risk is consistent with modern portfolio theory, in recognizing that risk cannot be eliminated but should be considered and evaluated.

V. **Investment Program and Asset Allocation**

The Foundation's invested assets reside in three portfolios, each with its own distinctive asset allocation: the Long-term Portfolio, the Medium-term Portfolio, and the ESG Portfolio (described below). While all are diversified in their investments, a risk of principal is present in each portfolio. The asset allocations provided in Appendix A shall serve as the guidelines for each portfolio's investments.

Long-term Portfolio

The Long-term Portfolio is designed for donors or nonprofits with 7-plus year grant making objectives.

Medium-term Portfolio

The Medium-Term Portfolio is designed for donors or nonprofits with 3-5 year grant making objectives.

ESG Portfolio

The ESG Portfolio emphasizes investments that prioritize Environmental, Social and Governance (ESG) criteria. The ESG Portfolio is designed for donors or non-profits with 7-plus year grant making objectives and who wish to utilize ESG filters.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

VI. Investment and Performance Objectives

The Investment Objectives for the portfolios are for the asset value, exclusive of contributions and withdrawals, to grow over the long-term and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return gross of fees) equal to or greater than the returns of the benchmark established for the appropriate portfolio. Performance benchmarks are included in Appendix D.

For the Long-term Portfolio, there is the additional objective for a real rate of return that meets, or exceeds, the Foundation's spending policy for endowed funds and expenses. It is understood that in a low return environment, the purchasing power of the portfolio may not be maintained.

Performance Objectives

- A. The performance objective of each portfolio is to earn a return that is equal to or greater than a weighted average return of the appropriate indexes for each asset class noted in Appendix A, weighted in accordance with the target allocation for each asset class.
- B. Each actively managed fund is expected to exceed its corresponding benchmark index as well as the median return in a representative performance universe.

VII. Asset Class Definitions & Investment Guidelines

It is the intention of the Committee to allow each investment manager full investment discretion within the scope of their respective applicable Investment Manager Agreement or prospectus, and any laws that supersede these documents. The Investment Committee may elect to invest in Funds such as (but not limited to) commingled trusts, limited partnerships, exchange traded funds, investment grade exchange traded notes, or mutual funds. In these cases, the investment guidelines set forth in the Fund's prospectus, offering memorandum or agreement will govern. Each separate account investment manager must adhere to the following investment guidelines as well as their specific guidelines unless explicitly advised in writing by the Investment Committee.

- A. Asset Class Definitions: The following is intended to provide clarity as to the intent of the BOD to allow allocations to sub-asset classes within the strategic asset allocation shown in Appendix A. The Investment Committee has authority to select and set target allocations to sub-asset classes.
 - 1. Global Equities include publicly traded securities issued across all markets, including (but not limited to) the United States and other developed countries, as well as emerging and frontier countries. Sub-allocations may include country- or sector- specific strategies, as well as those identified by specific style or market capitalization factors. Allowable securities include common stocks and depository receipts (eg. GDRS, ADRS). The equity portfolios shall be well diversified to avoid undue exposure to any single economic sector, industry, or individual security.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

2. Fixed Income include publicly traded debt instruments across all markets and issuer types. While the category generally refers to an intermediate investment-grade domestic fixed income management style typified by the Barclays U.S. Universal Bond Index, it is the intention of this policy to allow strategic or tactical exposures to below investment grade, foreign, and/or varying durations. This may include specific exposures to foreign, high yield, bank loans, foreign and emerging market debt denominated in both hard and local currencies, and related multi-asset fixed income strategies. Allowable securities include U.S. Government and agency securities, corporate notes and bonds, mortgage-backed securities, preferred stock, below investment grade, and debt issuances of foreign governments and corporations. The fixed income portfolios shall be well diversified to avoid undue exposure to any single economic sector, industry, or individual security.
3. Alternative investments include real assets, private markets, diversifying strategies and the Foundation's Community Impact Investments.

Real assets refer to real estate of a publicly traded or private nature, infrastructure and commodities instruments not requiring physical delivery. Instruments utilized may include partnerships, funds, trusts, REITs, ETFs, ETNs, derivatives and other similarly structured vehicles. The interests may be of liquid or illiquid nature.

Private Markets refers to limited partnership interests in funds investing in the equity or debt structure of non-publicly traded companies. This may include venture, distressed, mezzanine, buyout, secondaries, funds-of-funds or other related non-public and/or opportunistic approaches. These interests are typically of an illiquid nature, requiring multi-year lock-ups of capital.

Diversifying Strategies refers to a broad categorization of investment strategies commonly referred to as "hedge funds" and typified by more complex and often opaque investment strategies, less liquid investment terms and typically performance-based fees. Funds will typically feature strategies involving leverage, shorting, frequent trading, and derivative among other approaches. This category specifically includes hedge funds, alternative beta, and related strategies.

- B. Prohibited Investments: Categories of investments that are not eligible for investment without prior approval of the BOD include:

1. Short sales;
2. Margin purchase or other use of lending or borrowing;
3. Security loans;
4. Leveraged derivatives; and
5. Alternative asset investments may utilize the above categories so long as such investments are consistent with the portfolio's goal of stable returns with low volatility. Investments in alternative strategies will be limited to mutual funds and ETFs that are registered with the SEC.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

- C. Proxy Voting: The investment managers shall have the sole and exclusive right to vote any and all proxies solicited in connection with the securities held in their respective portfolios.
- D. Trading and Execution: The investment managers shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates.
- E. Environmental Social & Governance (ESG) strategies: The investment managers shall incorporate environmental, social and governance factors as components of the decision-making and portfolio construction process.

VIII. Rebalancing procedure

The Committee will review the current asset allocations and endeavor to keep the portfolios within the ranges shown in Appendixes A and C.

Contributions and withdrawals will primarily be used to rebalance the portfolios towards their respective asset allocation targets. However, the Committee may elect to rebalance through the sale and purchase of portfolio assets.

IX. Investment Performance Review, Evaluation and Corrective Action

- A. The Investment Committee, with the assistance of the Investment Consultant, will review the investment results of the investment manager(s) quarterly. Performance comparisons will be made against a representative performance universe and the performance objectives set forth in this IPS.
 - 1. The objective of an index fund is to match the respective index on a gross basis while the objective of an active manager is to exceed the return of the respective index on a net of fee basis. Additionally, active managers are expected to perform in the top half of their peer group. Performance benchmarks are included in Appendix D.
- B. The Investment Committee, with the assistance of the Investment Consultant, shall periodically review the qualitative developments of each investment manager.
 - 1. This evaluation shall include changes in ownership, personnel turnover, adherence to investment style and philosophy, and any other criteria the Committee deems appropriate.
- C. The investment manager(s) must disclose all major changes in organization or investment philosophy to the Investment Consultant within 30 days. The investment consultant will report changes to the Investment Committee at the next regularly scheduled meeting, unless the investment consultant determines the change warrants notification prior to the meeting. Further, all registered investment advisors must present updated ADV-2 forms on an annual basis to the Investment Consultant.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

- D. Corrective action shall be taken as a result of the ongoing review process for investment managers. While there may be unusual occurrences at any time, the following are instances where corrective action may be in order.
1. Any organizational change that may materially affect the management process will be noted by the Investment Consultant and discussed with the Investment Committee. If the Committee deems appropriate, the investment manager may be called upon to discuss changes. Violation of terms of contract without prior approval of the Investment Committee constitutes grounds for termination.
 2. As part of its overall asset allocation strategy, the Investment Committee will select managers with certain styles and approaches to portfolio diversification. Therefore, it is critical that managers adhere to the original intent of the Committee. Should the consultant ascertain that significant changes in investment style have occurred, this may be grounds for termination.
 3. Managers may be replaced at any time as part of an overall restructuring.

X. Spending Policy

The BOD's objective is to establish a spending policy that balances the Foundation's shorter-term grant making goals with the longer-term goal to sustain fund balances that provide grant making capability in perpetuity.

For the purpose of the spend rate discussion, fund balances are based on a rolling 12-quarter average. The spendrate will be reviewed annually by the Investment Committee, which then makes a recommendation to the BOD.

XI. Conversion of Securities and Other Assets:

The Foundation has a separate Gift Acceptance Policy (GAP). The GAP states that the Foundation's practice is to liquidate all gifts promptly. On occasion, the Gift Acceptance Committee may recommend not to liquidate certain gifts immediately. In such cases, the decision not to liquidate a gift will be brought to the BOD for approval. Factors the Gift Acceptance Committee may consider shall include, but not be limited to:

- A. Market conditions: a gift may be retained for a reasonable period of time if the likely sale price would be substantially less than the asset's real value. Similarly, a large block of stock might be sold over a period of time in order not to artificially depress the price;
- B. Use by the Foundation: the Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Foundation might keep real property that it will use as its offices;
- C. Desirability as an investment: on rare occasions, the Foundation may be given property that it wishes to retain as an investment. Considerations in this decision include the projected return and how the asset fits into the Foundation's investment portfolio.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

INVESTMENT POLICY STATEMENT

XII. Policy Changes

The Investment Consultant shall advise the Investment Committee of any restrictions within this IPS that may prevent the investment manager(s) from obtaining the objectives and goals set forth herein. Any violation of the investment guidelines or other sections of this IPS discovered by the Investment Consultant in the preparation of its regular performance review shall be reported immediately to the Committee and discussed at its next regularly scheduled meeting.

XIII. Investment Policy Review and Revisions

The BOD reserves the right to amend the IPS at any time.

The IPS shall be reviewed periodically to ensure compliance and relevance to current law, financial and economic trends, and to meet the cash flow requirements of the Foundation.

IN WITNESS HEREOF, the Board has approved this Investment Policy Statement by resolution adopted on the _____ day of _____ 20__.

Birt Johnson, Chair
Board of Directors

COMMUNITY FOUNDATION FOR MONTEREY COUNTY:
Investment Policy Statement Appendix A:
Board Approved Broad Asset Allocation Targets and Ranges

Long-term Portfolio

| Asset Class | Minimum | Strategic Target | Maximum |
|---------------------------|---------|------------------|---------|
| Equity | 48% | 58% | 68% |
| Fixed Income | 17% | 27% | 37% |
| Alternatives ¹ | 3% | 13% | 23% |
| Cash | 0% | 2% | 7% |

Medium-term Portfolio

| Asset Class | Minimum | Strategic Target | Maximum |
|--------------|---------|------------------|---------|
| Equity | 25% | 35% | 45% |
| Fixed Income | 53% | 63% | 73% |
| Alternatives | 0% | 0% | 10% |
| Cash | 0% | 2% | 7% |

ESG Portfolio

| Asset Class | Minimum | Strategic Target | Maximum |
|--------------|---------|------------------|---------|
| Equity | 50% | 60% | 70% |
| Fixed Income | 28% | 38% | 48% |
| Alternatives | 0% | 0% | 10% |
| Cash | 0% | 2% | 7% |

Due to the fluctuation of market values across asset classes, allocations within a specified range are acceptable and constitute compliance with the policy. It is anticipated that a period of time may be required to fully implement changes in the asset allocation and that periodic revisions may be required.

¹ Within the Alternatives allocation there is a 2% Board approved target allocation to CFMC Community Impact Investments via the Community Impact Investment Policy Statement (CI IPS). See the CI IPS for additional detail.
Approved XXXXX X, 20XX

The assets residing in the Foundation's three portfolios, referenced in Section V of the IPS, represent endowed and non-endowed funds. These funds are of many types, and are detailed below.

Donor Advised: Donor advised funds allow donors to place charitable assets at the Foundation and retain the ability to recommend grants over time. Donors receive a tax deduction in the year they add to the fund. Donor advised funds can be endowed or non-endowed.

Designated: Designated funds are generally created through estate gifts. The name derives from the donor's ability to designate specific nonprofits as beneficiaries of the grants produced by the fund. Designated funds are generally endowed.

Scholarship: Scholarship funds support students as they enter higher education. They can be for one or multiple years. Scholarship funds can be endowed or non-endowed.

Field-of-Interest: Field-of-interest funds describe a donor's area of interest, such as the arts, education, healthcare, the environment or animal welfare. They are generally funded through estate gifts, and typically are endowed.

Unrestricted: Unrestricted funds provide the Foundation the ability to respond to needs as they emerge over time. They are the most flexible form of grant making fund at the Foundation. They generally come from estate gifts, and typically are endowed.

Stewardship: Stewardship Funds consists of assets placed at the Foundation by nonprofit organizations. These funds allow nonprofits to benefit from the Foundation's investment expertise and economies of scale yet offer 100% liquidity. Stewardship funds are non-endowed.

Agency Endowment: Agency Endowment Funds are permanently endowed funds placed at the Foundation by nonprofit organizations. As with Stewardship Funds, Agency Endowments relieve the burden of investment decisions from the nonprofit. They also provide a secure environment for funds that are intended to be permanently endowed.

Assets residing outside of the Foundation's three portfolios, referenced in Section V of the IPS, include the following:

Charitable Remainder Trust (CRT): A CRT is a non-revocable tax-exempt trust which annually distributes income to the donor or designated recipient. There are generally two types: a Charitable Remainder Unitrust (CRUT) and a Charitable Remainder Annuity Trust (CRAT). Both types used a fixed interest rate. However, a CRUT is revalued annually and the interest rate is applied to the new value. A CRAT creates a fixed payment based on the value of the initial gift. A CRUT can be added to; a CRAT cannot. When the CRT ends, the remaining principal (the remainder) creates an endowed fund at the CFMC (the donor retains the ability to immediately grant 75% of the remainder; a minimum of 25% must remain with the CFMC). This fund can benefit the nonprofit(s) of the donor's choice, create a donor-advised fund (overseen by donor advisors named by the donor) or support the CFMC's general grantmaking.

Charitable Gift Annuity (CGA): A charitable gift annuity is a non-revocable tax-exempt annuity which produces an annual fixed dollar value distribution for the life of the donor, based on the amount of the gift and the donor's age when the annuity is established. When the annuity ends, the remaining principal will become available to benefit the nonprofit(s) of the donor's choice, or CFMC's general grantmaking. 100% of the remainder value must stay with the CFMC as an endowed fund.

Long-term Portfolio

| Asset Class | Minimum | Strategic Target | Maximum |
|--|------------|------------------|------------|
| Equity (Board Approved) | 48% | 58% | 68% |
| Domestic Large Cap Equity | 15% | 27% | 50% |
| Domestic Small/Mid Cap Equity | 0% | 5% | 15% |
| International Developed Equity | 10% | 17% | 40% |
| International Dev. Small Cap Equity | 0% | 3% | 15% |
| Emerging Market Equity | 0% | 6% | 20% |
| Fixed Income (Board Approved) | 17% | 27% | 37% |
| Core and Core Plus Fixed Income | 10% | 20% | 30% |
| Global Fixed Income | 0% | 0% | 15% |
| Emerging Market Debt | 0% | 0% | 15% |
| Short-Term Gov't/Credit | 0% | 3% | 25% |
| US TIPS | 0% | 4% | 15% |
| Alternatives (Board Approved) | 3% | 13% | 23% |
| Core Real Estate | 0% | 6% | 15% |
| REIT's | 0% | 2% | 10% |
| Commodities | 0% | 0% | 10% |
| Infrastructure | 0% | 3% | 10% |
| CFMC CII ¹ (Board approved ²) | 0% | 2% | 5% |
| Cash | 0% | 2% | 7% |

¹ Community Impact Investments

² Board approved via Community Impact Investment Policy Statement
Approved XXXXX X, 20XX

Medium-term Portfolio

| Asset Class | Minimum | Strategic Target | Maximum |
|--------------------------------------|------------|------------------|------------|
| Equity (Board Approved) | 25% | 35% | 45% |
| Domestic Large Cap Equity | 5% | 15% | 30% |
| Domestic Small/Mid Cap Equity | 0% | 4% | 15% |
| International Developed Equity | 10% | 16% | 40% |
| International Dev. Small Cap Equity | 0% | 0% | 15% |
| Emerging Market Equity | 0% | 0% | 20% |
| Fixed Income (Board Approved) | 53% | 63% | 73% |
| Core and Core Plus Fixed Income | 10% | 48% | 68% |
| Global Fixed Income | 0% | 0% | 30% |
| Emerging Market Debt | 0% | 0% | 15% |
| Short-Term Gov't/Credit | 0% | 15% | 50% |
| US TIPS | 0% | 0% | 20% |
| Alternatives (Board Approved) | 0% | 0% | 10% |
| REIT's | 0% | 0% | 10% |
| Infrastructure | 0% | 0% | 10% |
| Cash | 0% | 2% | 7% |

ESG Portfolio

| Asset Class | Minimum | Strategic Target | Maximum |
|--------------------------------------|------------|------------------|------------|
| Equity (Board Approved) | 50% | 60% | 70% |
| Domestic Large Cap Equity | 5% | 28% | 50% |
| Domestic Small/Mid Cap Equity | 0% | 7% | 15% |
| International Developed Equity | 10% | 25% | 40% |
| International Dev. Small Cap Equity | 0% | 0% | 15% |
| Emerging Market Equity | 0% | 0% | 20% |
| Fixed Income (Board Approved) | 28% | 38% | 48% |
| Core and Core Plus Fixed Income | 10% | 38% | 48% |
| Global Fixed Income | 0% | 0% | 20% |
| Emerging Market Debt | 0% | 0% | 15% |
| Short-Term Gov't/Credit | 0% | 0% | 20% |
| US TIPS | 0% | 0% | 20% |
| Alternatives (Board Approved) | 0% | 0% | 10% |
| REIT's | 0% | 0% | 10% |
| Infrastructure | 0% | 0% | 10% |
| Cash | 0% | 2% | 7% |

Due to the fluctuation of market values across asset classes, allocations within a specified range are acceptable and constitute compliance with the policy. It is anticipated that a period of time may be required to fully implement changes in the asset allocation and that periodic revisions may be required.

| Asset Class | Performance Benchmarks |
|--|--|
| Equity | |
| Global Equity | MSCI ACWI S&P 500 |
| Domestic Large Cap Equity | Russell 1000 Growth Russell 1000 Value |
| Domestic Small/Mid Cap Equity | S&P 400 MidCap S&P 600 SmallCap |
| International Developed Equity | MSCI ACWI ex USA FTSE Developed All Cap ex US |
| International Dev. Small Cap Equity | MSCI World ex USA Small Cap |
| Emerging Market Equity | MSCI Emerging Markets FTSE Emerging Markets All Cap China A Inclusion |
| Fixed Income | |
| Core and Core Plus Fixed Income | BBgBarc U.S. Aggregate Bond |
| Global Fixed Income | BBgBarc Global Treasury ex U.S. |
| Emerging Market Debt | JPM EMBI Global Diversified JPM GBI-EM Global Diversified |
| Short-Term Gov't/Credit | BBgBarc US Credit 1-5 Yr |
| US TIPS | BBgBarc US TIPS |
| Alternatives | |
| Core Real Estate | NCREIF-ODCE |
| REIT's | Wilshire REIT |
| Infrastructure | S&P Global Infrastructure |
| Commodities | Bloomberg Commodity |
| CFMC CII ¹ (Board approved ²) | |
| Cash | 91 Day T-Bills |

¹ Community Impact Investments² Board approved via Community Impact Investment Policy Statement
Approved XXXXX X, 20XX

Donor Recommended Investment Management



Retain Assets Under Management for Major Gifts Utilizing the Community Foundation for Monterey County

Who

Donors who wish to establish a fund at the Community Foundation for Monterey County (CFMC) and have their assets managed by their current investment manager

Advisors whose clients have assets directed to the CFMC, either as life or estate gifts, or as assets of a Charitable Remainder Trust when the CFMC is the trustee and charitable beneficiary

How it works If you currently manage assets for a client (for example, a stock account, charitable remainder trust, IRA, etc.) that are intended to establish a gift to the CFMC, and you or your institution would like the opportunity to manage the asset as the Donor Recommended Investment Manager, the following must occur:

- The client/donor must provide a written recommendation that your firm's services be retained to manage the assets that will be donated to, and owned by, the CFMC.
 - Such recommendation must hold CFMC harmless
 - Donor must represent that the Investment Manager is not a related party
 - The Investment Manager must meet regulatory and registry requirements as provided for by the CFMC. All managers within the portfolio must meet regulatory and registry requirements as provided for by the CFMC
- The CFMC retains ownership of the assets managed by the Investment Manager.
- The CFMC and the Investment Manager will enter into a written Client Agreement.
- The donated asset must have a minimum value of \$1 million.
- The fund, if endowed, will be governed by CFMC policies relating to endowed funds, including the establishment of the annual payout rate, and adherence to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as interpreted by the CFMC.



"This policy allows high net worth clients to maintain their investment relationship while benefiting the community through the CFMC."

—CFMC board member, Ken Petersen,
President, Monterey Private Wealth

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Donor Recommend Investment Management at the CFMC



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Contact



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Visit

MONTEREY
2354 Garden Road
Monterey, CA 93940

SALINAS
945 S. Main St., Suite 207
Salinas, CA 93901

OCTOBER 2015

How it works, continued

- The Investment Committee of the CFMC will provide counsel to the Investment Manager.
 - The CFMC will provide its Investment Policy Statement (IPS) to the Investment Manager.
 - The Investment Manager will provide the Investment Committee and the CFMC's Investment Consultant a proposal for investing the Assets under Management (AUM) based on the CFMC's objectives.
 - This proposal must be approved by the CFMC Investment Committee. It is not expected that the investment proposal will be identical to the CFMC's portfolio.
 - The Investment Manager must provide timely, reconciled performance reporting and asset allocation to the CFMC and its Investment Consultant.
 - A total fee calculation must be provided annually by the Investment Manager and shall include the following:
 - Weighted average mutual fund expense ratio (or management fees in the case of separate account managers)
 - Custody and transaction costs
 - Advisory fee charged by the Investment Manager
 - Other fees and expenses that are charged to the account
 - All purchases or sales of mutual funds must be done at Net Asset Value.
 - Lowest cost share class mutual funds must be used (i.e., if an institutional share class fund is available and the investment qualifies, the "I" share class fund must be used).
 - No type of revenue sharing arrangements are allowed without first disclosing such arrangements to the CFMC, and are subject to the CFMC's approval.
 - The Investment Manager must document the objectives of the fund and the benchmarks used to measure performance.
 - If the Investment Manager is a sole proprietor, or the managing partner within a firm, a "key man" clause shall be required and all Investment Manager must notify the CFMC of any material changes to their firm or their status therein.
 - At the request of the CFMC, the Investment Manager will make a formal presentation of the portfolio and AUM to the CFMC's Investment Consultant and/or Investment Committee.
- CFMC fees are in addition to fees charged by the Investment Manager.
- The CFMC may terminate an Investment Manager relationship at any time.
- CFMC may change the terms of this policy at any time.

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

ADDITIONAL DOCUMENTS

11/22/19

[illegible]

| Community Foundation for Monterey County TOTAL CFMC OPERATING BUDGET 2020 Budget - ROUND 4 | | | | | | | | | | |
|--|--|--|------------------------|------------------------|------------------------|------------------------|------------------------------|------------------------|---------------------------------|---|
| ACCT | | Year 2016 Actual | Year 2017 Actual | Year 2018 Actual | Year 2019 Budget | 2019 YTD @ 10/31 | 2019 Year-End Forecast | Year 2020 Budget | % Change over 2019 Budget | Description |
| | EXPENSE | | | | | | | | | |
| | Salaries & Benefits | | | | | | | | | |
| 51100 | Salaries and Wages | 1,420,538 | 1,495,062 | 1,580,753 | 1,769,268 | 1,375,516 | 1,669,646 | 1,934,171 | 9.32% | Assumes the addition of a Development Director position for 6-months |
| 51200 | Payroll Taxes | 107,984 | 110,051 | 113,659 | 129,656 | 99,850 | 119,390 | 147,707 | 13.92% | |
| 51300 | Health Insurance Premiums | 208,225 | 224,594 | 240,189 | 261,541 | 203,521 | 241,492 | 278,582 | 6.52% | BS Silver Savings 2000/4000 HSA compatible with \$2,000 maximum 2019 HSA contribution, per eligible employee |
| 51400 | Retirement Plan | 70,364 | 73,198 | 78,399 | 104,394 | 81,812 | 98,067 | 115,973 | 11.09% | @ 6% of base salary |
| 51500 | Workers Comp Insurance | 10,577 | 9,905 | 8,484 | 14,220 | 6,002 | 8,196 | 16,510 | 16.10% | |
| 51160 | Vacation Expense | 0 | 28,996 | 11,000 | 5,000 | 4,170 | 5,000 | 5,000 | 0.00% | Increase accrual for added positions and higher salaries |
| 51600 | Recruitment Expense | 1,429 | 1,910 | 2,700 | 2,000 | 2,437 | 2,000 | 2,000 | 0.00% | Monterey Bay Jobs and Indeed postings |
| | Total Salaries & Benefits | 1,819,116 | 1,943,716 | 2,035,185 | 2,286,079 | 1,773,309 | 2,143,791 | 2,499,943 | 9.36% | |
| | Administrative Costs | | | | | | | | | |
| 52100 | Office Supplies | 20,885 | 21,163 | 23,689 | 22,000 | 16,819 | 22,000 | 22,000 | 0.00% | General office supplies, stationery, Alhambra water, toner cartridges, special paper, kitchen supplies |
| 52101 | Office Equip Maintenance | 28,600 | 16,812 | 21,876 | 22,550 | 20,242 | 22,500 | 23,000 | 2.00% | Copy machine leases, postage meter lease and ink cartridges, fire extinguishers, phone programming |
| 52120 | Computer Maintenance | 37,107 | 38,269 | 58,804 | 39,736 | 33,266 | 40,686 | 46,298 | 16.51% | See below |
| 52125 | Database Maintenance | 32,542 | 22,918 | 40,200 | 48,053 | 44,763 | 44,763 | 59,530 | 23.88% | 51,100 FIMS annual support, 8,000 Foundant online grant processing, Academic Works 14,590 |
| 52130 | Bank Charges | 5,939 | 7,238 | 12,944 | 16,000 | 18,088 | 22,442 | 16,000 | 0.00% | Credit card, returned check and stop payment charges |
| 52200 | Printing/Newsletters | 10,874 | 16,680 | 14,051 | 21,445 | 11,364 | 23,016 | 24,620 | 14.81% | See below |
| 52300 | Postage and Freight | 13,384 | 16,967 | 18,830 | 20,500 | 14,076 | 23,124 | 22,750 | 10.98% | Postage for meter, bulk mail and business reply permits |
| 52400 | Dues/Subscriptions/Publications | 18,763 | 21,095 | 21,499 | 38,977 | 28,691 | 33,025 | 34,579 | -11.28% | See below |
| 52500 | Accounting Services | 46,985 | 41,436 | 38,100 | 39,910 | 38,461 | 39,910 | 39,110 | -2.00% | 33,500 audit; 1,500 tax returns; 1,200 LLC tax returns; 810 LLC tax filing; 350 Stmt of Info; 250 RRF1; 1,500 Form 5500 |
| 52600 | Contract Services | 38,803 | 53,599 | 91,231 | 116,302 | 104,471 | 125,217 | 92,822 | -20.19% | See below |
| 52700 | Legal | 22,911 | 13,558 | 4,864 | 12,500 | 5,839 | 10,000 | 11,000 | -12.00% | 10,000 general legal and 2,500 Fenton & Keller for personnel matters; de Guigne legal expenses are paid by the fund |
| 52800 | D&O Insurance | 4,358 | 4,358 | 3,237 | 4,500 | 2,703 | 2,703 | 4,500 | 0.00% | Annual policy premium |
| 52900 | Telecommunications | 16,896 | 16,812 | 17,732 | 18,400 | 13,332 | 17,900 | 17,600 | -4.35% | Local, long distance conference calls and web hosting |
| 52950 | Conferences & Training | 11,700 | 16,250 | 22,117 | 27,950 | 30,346 | 29,697 | 35,350 | 26.48% | LCCF, GEO, NCPG, FAOG, Family Philanthropy & new board members COF Fundamentals Course |
| 53000 | Misc Administrative Exp. | 7,400 | 12,659 | 6,755 | 8,050 | 2,070 | 2,070 | 8,050 | 0.00% | WF lunch proceeds, transfer to Women's Fund Endowment; CGA license; Statement of Info filing; Sales & Use tax |
| 53100 | Depreciation Expense | 82,309 | 72,803 | 70,173 | 76,113 | 63,430 | 70,500 | 80,130 | 5.28% | See below |
| | Total Administrative Cost | 399,456 | 392,617 | 466,103 | 532,986 | 447,960 | 529,553 | 537,339 | 0.82% | |
| | Computer Maintenance includes: | 30,684 Alvarez monthly services (2,557 per month), including backup, 900 O365, 1,100 Sonicwall and 2,700 Adobe Pro annual licenses, 6,600 Azure (550 per month), 90 SSL certificates, 2,000 business continuity and 1,224 O365 backup cloud safe subscriptions and 3,000 add'l work | | | | | | | | |
| | Printing /Newsletters includes: | Mrkt = 10,000 2 newsletters, 2,200 newsletter design, 2,175 Legacy News, 3,300 envelopes, 900 Affiliate Fund materials, 240 CopyMat printing, 3,000 donor education materials, 300 notepads; CNE = 50 graduation program, 330 postcards, 50 nonprofit survey cards | | | | | | | | |
| | Dues/Subscriptions/Publications includes: | Actg = 300 FAOG dues, 11,179 LCCF dues, 750 COF Legal Compendium, 250 GAAP Guidem 1,500 National Standards; Admn = 520 newspspers, 1,000 Stay In Business; 120 Costco, 160 notary; Devl = 300 AFP, 85 Chronicle of Philanthropy, 2,000 Mty Bay Economic Partners, 300 SV Chamber, 600 Rotary-Dan & Christine, 1,500 Nat'l Center Family Philanthropy, 85 Partnership for Phil Planning, Alliance, 85 NCPGA, 1,500 AFP Brian, Mackenzie and Minnie; Mrkt = 300 Communications Network, 725 Chamber memberships, 250 Nonprofit Technology Network; Pers = 3,500 TPO membership; Prog = 3,590 GEO, 500 Womens FN, 150 PEAK (formerly GMN), 100 ProNet. 1,000 NGO Source, 840 Rotary-Robert; CNE = 500 NAMC, 450 Cal Nonprofits, 90 NP Quarterly, 300 Alliance for NP Mgmt | | | | | | | | |
| | Contract Services includes: | Admn = 500 shredding service, 500 movers; Devl = 23,160 Donor Central, 7,250 PG Calc, 7,500 Van Scoyoc, 1,000 LCCF advocacy; Mrkt = 1,050 Constant Contact, 250 web hosting, 6,300 web maintenance and upgrades, 700 web audit; Pers = 5,000 ADP, 29,862 IT consultant for 6-months; 8,000 MC Gives temp. CNE = 600 design for CNE and LEAD flyers,150 NP Survey | | | | | | | | |
| | Depreciation includes: | pre 2020 fixed asset depreciation = 46,159, 23,000 new purchases in 2020 = 4,600 new depreciation expense, building improvements w/\$62,000 new = 1,077, building = 27,782 | | | | | | | | |

| Community Foundation for Monterey County TOTAL CFMC OPERATING BUDGET 2020 Budget - ROUND 4 | | | | | | | | | | |
|--|---------------------------------------|---|-----------|-----------|-----------|-----------|-------------------------------------|-----------|-----------|---|
| ACCT | | Year | Year | Year | Year | 2019 | 2019 | Year | % Change | Description |
| | | 2016 | 2017 | 2018 | 2019 | YTD | Year-End | 2020 | over 2019 | |
| | | Actual | Actual | Actual | Budget | @ 10/31 | Forecast | Budget | Budget | |
| | Occupancy Costs | | | | | | | | | |
| 54100 | Commercial Pkg Policy | 11,656 | 11,987 | 11,625 | 12,000 | 11,794 | 11,656 | 12,000 | 0.00% | General liability and earthquake policies |
| 54200 | Maintenance and Repairs | 10,540 | 11,461 | 10,337 | 11,000 | 7,359 | 11,000 | 19,200 | 74.55% | Plumbing, telephone, HVAC, roofing |
| 54300 | Janitorial/Landscaping Expense | 23,275 | 19,023 | 19,983 | 20,500 | 18,077 | 20,000 | 20,500 | 0.00% | Janitorial, landscaping, window washing, carpet cleaning |
| 54400 | Rent | 46,490 | 46,267 | 47,515 | 51,989 | 40,762 | 51,989 | 53,350 | 2.62% | Salinas only - 2,268 sq feet @ 1.85 + \$3,000 CAM |
| 54450 | Mortgage | 55,394 | 53,467 | 51,335 | 48,988 | 40,995 | 48,988 | 46,412 | -5.26% | Interest only, per amortization schedule |
| 54455 | Property Taxes | 1,585 | 1,601 | 1,668 | 1,700 | 0 | 1,700 | 1,700 | 0.00% | Taxes for the land only, the building is exempt |
| 54500 | Utilities/Security | 33,392 | 32,271 | 30,697 | 31,000 | 24,538 | 29,500 | 31,100 | 0.32% | PG&E, Cal Am Water, Monterey City Disposal and First Alarm |
| | Total Occupancy Costs | 182,331 | 176,076 | 173,159 | 177,177 | 143,525 | 174,833 | 184,261 | 4.00% | |
| | Program & Development | | | | | | | | | |
| 55100 | Donor Development | 66,843 | 63,616 | 83,941 | 93,050 | 91,377 | 93,000 | 93,550 | 0.54% | See below |
| 55200 | Advertising & Promotion | 37,047 | 32,481 | 41,631 | 43,914 | 40,210 | 49,980 | 43,904 | -0.02% | See below |
| 55300 | Mileage, Meals & Meetings | 8,759 | 9,847 | 10,970 | 11,760 | 8,359 | 10,995 | 11,650 | -0.94% | Mileage at .51 per mile and CFMC hosted meetings. Increased mileage due to North and South County events. |
| 55312 | Workshops & Assemblies | 34,070 | 32,530 | 30,455 | 50,900 | 37,970 | 47,800 | 54,450 | 6.97% | Center for Nonprofit Excellence workshops, grantee information sessions and fundholder investment presentation |
| 55400 | Annual Events Expense | 25,008 | 28,457 | 26,854 | 29,500 | 3,203 | 29,500 | 35,000 | 18.64% | Celebration of Philanthropy event |
| 55405 | 75th Anniversary Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 70,725 | #DIV/0! | All expenses related to th 75th anniversary celebration |
| 55450 | Annual Report Expense | 20,217 | 22,500 | 24,463 | 26,000 | 26,279 | 26,279 | 27,250 | 4.81% | All expenses related to the annual report, including design, printing, postage and mailing service. Reflects increase in list size. |
| 55501 | Staff Recognition Expenses | 5,102 | 4,141 | 4,145 | 6,430 | 2,369 | 6,087 | 7,580 | 17.88% | Staff holiday party, quarterly lunches, staff retreat, staff recognition |
| 55510 | Board & Committee Expenses | 5,309 | 4,316 | 5,018 | 7,150 | 2,265 | 5,200 | 7,200 | 0.70% | See below |
| | Total Program & Development | 202,356 | 197,888 | 227,476 | 268,704 | 212,031 | 268,841 | 351,309 | 30.74% | |
| | Total Expenses | 2,603,260 | 2,710,297 | 2,901,923 | 3,264,946 | 2,576,825 | 3,117,018 | 3,572,852 | 9.43% | |
| | Excess Revenue over Expenses | 9,339 | 84,983 | 172,718 | 7,088 | (122,605) | 464,812 | (6,352) | -189.62% | |
| | | | | | | | Excluding 75th Anniversary Revenue | 78,000 | | |
| | | | | | | | Excluding 75th Anniversary Expenses | (70,725) | | |
| | | | | | | | TOTAL | 923 | | |
| | Donor Development includes: | 40,000 WF Lunch - expenses offset by ticket sales and sponsorships, 17,500 Legacy Society, 2,000 CPA bags, 2,000 VPPS/donor lunches, 1,000 other events , 3,500 Dan lunches, 1,100 VPPS Rotary, 150 IMPOWER, 700 Philanthropy Day, 1,100 Dan Rotary, 12,000 Corral dues, 500 CPE event, 2,000 SMCF events, 2,000 NOCO events, 2,000 Siembra events, 1,000 Siembra Latinos meetings, 2,000 Big Sur events, 3,000 PA Council luncheon | | | | | | | | |
| | Advertising and Promotion includes: | Mrkt = 4,000 Creative, 1,700 MC Gives, 1,100 Philanthropy Day, 3,150 King City Rustler, 1,500 cultural ads, 2,000 event photography, 1,000 Facebook ads, 363 social subscriptions, 5,920 Pine Cone, 4,000 Carmel Magazine, 4,260 Coastal Growers, 6,521 MC Weekly, 2,850 cubes, 2,000 other ads TBD; CNE = 150 Chamber email, 350 KAZU, 50 Facebook, 3,000 radio ads | | | | | | | | |
| | Workshops & Assemblies includes: | CNE = 6,000 Center for Nonprofit Excellence workshops, 47,450 LEAD institute, alumni events and coach stipends; Prog = 300 grantee info sessions; Devl = 900 fundholder/donor education events | | | | | | | | |
| | Board and Committee Expenses include: | Admn = 800 retreat food, 500 board meetings, 1,200 holiday gathering, 100 name tags & manuals, 600 board gifts; Prog = 500 committee refreshments; CNE = 250 LEAD interview lunches, 500 SACT event, 250 coach appreciation lunch; Devl = 1,000 WF Leadership Council and PA Council meetings, 500 RD committee lunches, Actg = 800 Dropbox, 100 committee meetings | | | | | | | | |

2020 Operating Budget Notes & Assumptions

2019 YEAR END

Current year-end projection includes net income of \$529,553. The 2% fee from the sale of the de Guigne property is included in the year-end forecast, less the amount taken in 2018, for a total of \$371,345.

Year-end projections include:

Contribution revenue is over budget, primarily due to receipt of bequests from the estates of Mary Shaw, Paulia Bell and Peter Hatton, and the termination of CRTs from Sue Antle and Terry Haber. The forecast assumes the annual appeal generates the budgeted amount for individual contributions.

Administrative fee revenue is under budget. Due to drop in the market in the 4th quarter of 2018, the 2019 administrative fees have been lower than budgeted.

Interest income is higher than budgeted due to investing excess money market funds in higher yielding CDs.

Personnel costs are lower than budgeted due to vacant positions.

Administrative cost variances are as follows:

- Computer Maintenance – higher due to the move to the cloud and additional services
- Bank Charges – higher due to the increase in credit card contributions
- Postage – higher due to increased number of acknowledgement letters, and mailings for North and South County events
- Contract Services – higher due to 2018 invoices for the MC Gives temp not received until 2019
- Legal Services – lower due to fewer legal expenses than expected
- Misc. Admin Expense – lower due to no WF lunch proceeds transfer, because there was not enough received from ticket sales and sponsorships to pay for the event
- Depreciation Expense – reduced due to the timing of capital purchases

Occupancy, and Program and Development costs are slightly under budget.

OPERATING CASH RESERVE

The unrestricted cash available as of October 31, 2019, is \$1,544,011, representing a reserve of 5.7 months. The year-end projection for unrestricted cash available is 6.9 months.

2020 BUDGET

2020 includes revenues of \$3,566,500, and expenses of \$3,572,852, for a net deficit of \$6,352, which includes the revenue and expenses for 75th anniversary activities. Excluding the 75th anniversary activities, there is a net surplus of \$923.

REVENUE

Contributions

- Bequests Received includes a five-year average for unknown bequests received directly, and payments on bequests receivable
- Contributions – Individuals, Corporate & Foundations are based on a five-year average
- Contributions – Interfund includes the annual payout from the operating endowment, and a five-year average of contributions received from donor advised funds
- COP/Legacy Partnerships – includes amounts committed by local businesses to support the events
- 75th Anniversary Revenue – includes amounts for ticket sales to attend the Celebration of Philanthropy and additional partnerships for the 75th anniversary events

Administrative Fees

- 2020 budget based on October 31st fund balances
 - Due to the volatility of the stock market, and its effect on fund balances, this amount is subject to change with each month-end.
- Includes \$64,300 from the Monterey County Gives campaign
- Fees from CRTs include quarterly fees from Kaspick
- Special Program Fees includes amounts paid by third-party funded programs for administrative overhead expenses
- Workshop revenue reduced due to

EXPENSES

Salaries and benefits

- Assumes 5% increase over the current salary structure, which includes a 2% discretionary merit pool; the CPI as of October 2019 is 3.0%
- Includes the addition of the Director of Resource Development position, for six months
- Health plan policy Blue Shield Silver Savings 2,000/4,000
- Medical, dental, vision and long-term disability paid 100% for the employee
- \$2,000 HSA contribution for all eligible staff
- Retirement includes a 6% 403(b) contribution for all eligible employees (this is a 1% increase)

Administrative expenses

- Database maintenance includes FIMS, our operating database, and Foundant, our online grant processing program
 - 23.88% increase due to the Academic Works scholarship program, previously paid for by College Futures Foundation
- Contract Services includes Donor Central, PG Calc and SOM/IT consultant

- Conferences and professional development increased, due to new board members and staff attendance at the Council on Foundations Fundamental Course
- \$80,130 depreciation expense for \$23,000 new capital purchases, \$62,000 building improvements, plus building depreciation
 - Building improvements are depreciated over 39 years

Occupancy

- Monterey includes a 4% increase in loan payments, and property taxes on the land only
- Salinas rent includes a 3% increase

Development & Staff

- Donor Development includes increased amounts for the Women's Fund luncheon, which is offset by the ticket sales and sponsorships, and an increase for the Legacy Society luncheon
- Workshop & Assemblies increased due to the return of LEAD activities for 2019
 - There was not a 2018 LEAD class; however, there were some LEAD alumni activities
- Annual Events expense increased due to expected increase in attendance
- 75th Anniversary Expenses added to track one-time anniversary activity expenses
- Annual Report expense increased due to increased mailing list