



Finance Committees

Wednesday, April 7, 2021 ♦ 1:00 – 2:30 PM

Allan Hancock College - Building B and Teleconference
800 South College Drive, Santa Maria, California 93454

AGENDA

	Page	Tentative Time
1. Call to Order		1:00 PM
2. Roll Call		1:01 PM
3. Public Comment		
<i>This section of the agenda is intended for members of the public to address the Executive Committee on items involving the Foundation that are being considered in Open Session. Please note that Directors are prohibited by the Brown Act from responding to comments made regarding topics not on the official agenda. If you wish to speak to any item listed, please complete a Request to Speak Card available from the Executive Director. It is suggested that speakers limit themselves to 5 minutes.</i>		
4. Approval of Agenda for April 7, 2021 (ACTION)		1:02 PM
5. Approval of Minutes		
5.A. Finance Committee Minutes of January 13, 2021	1 - 3	1:07 PM
6. Review and Approval of Financial Statements (ACTION)		1:20 PM
6.A. Check Registers – 12/1/2020 - 2/28/2021	5 – 10	
6.B. Contributions Report – 7/1/2020 – 2/28/2021	11	
6.C. Statement of Operations – 2/28/2021	12	
6.D. Statement of Financial Position – 2/28/2021	13	
6.E. General Operations Budget – 2/28/2021	14	
6.F. Financial Overview Operations – 2/28/2021	15	
6.G. Financial Overview Foundation All Funds – 2/28/2021	16-	
6.H. Financial Overview Investments – 2/28/2021	17	
7. Review and Approval of Proposed 2021-2022 Operating Budget (ACTION)	18 - 19	1:40 PM
8. Review and Approval of Proposed 2021-2022 Foundation Budget – All Funds (ACTION)	20 -21	1:50 PM
9. Independent 2019-2020 Auditor’s Report (ACTION)	22 - 54	2:00 PM
10. Discussion of Investment Annual Review (INFORMATION)	55	2:15 PM

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The mission of the Allan Hancock College Foundation is to operate for the advancement of education by raising funds and building community support to meet the needs of the college in the areas of scholarships, capital/infrastructure projects and program support.

**ALLAN HANCOCK COLLEGE FOUNDATION
FINANCE COMMITTEE MEETING
Minutes of January 13, 2021**

A regular meeting of the Finance Committee was held on Wednesday, January 13, 2021, at 2 p.m. via Zoom teleconference. This meeting was held remotely in response to the COVID-19 pandemic, the Governor issued an Executive Order, modifying the Brown Act in order to facilitate essential public meetings being held through remote methods, such as telephonically or electronically.

1. Call to Order

The meeting was called to order at 2:02 p.m. by Committee Chair Glenn Owen.

2. Roll Call

Finance Committee Members Present: L.V. Cox, J. Fields, J. Frost, P. Hesse, G. Owen, E. Smith

Finance Committee Members Absent: None.

College Staff: J. Hooten, K. Seyfert

Foundation Staff: M. Cox, N. Rucobo

3. Public Comment

None

4. Approval of Agenda (ACTION)

Chair Owen requested the committee to review the meeting agenda and called for a motion to approve the agenda.

MOTION: On a motion by Director Smith, seconded by Director Cox, the Finance Committee voted to approve the meeting agenda for January 13, 2021, was approved on a roll call vote as follows:

Ayes: L.V. Cox, J. Fields, J. Frost, G. Owen, E. Smith, P. Hesse

Noes: None

Abstentions: None

5. Approval of Finance Committee Minutes – October 7, 2020 (ACTION)

Chair Owen called for a motion to approve the minutes.

MOTION: On a motion by Director Smith, seconded by Director Hesse, the Finance Committee voted to approve the minutes for the October 7, 2020 meeting on a roll call vote as follows:

Ayes: L.V. Cox, J. Fields, J. Frost, G. Owen, E. Smith, P. Hesse

Noes: None

Abstentions: None

6. Review and Approval of Financial Statements (ACTION)

Chair Owen presented the following financial statements to the committee:

6.A. *Check Registers – 7/31/2020 through 11/30/2020*

6.B. *Contributions Report – 7/1/2020 through 11/30/2020:* The total contributions were \$686,774.

6.C. *Statement of Operations – 11/30/2020:* The fund balance for the period was \$33,192,726.

6.D. *Statement of Financial Position – 11/30/2020:* the total liabilities and fund balance were \$33,200,606.

6.E. *General Operations Budget – 11/30/2020*: The statement's revenue is \$188,347; the expenses as \$123,105; and the ending balance is \$65,242.

6.F. *Financial Overview General Operations – 11/30/2020*: The statement reported total actual support and revenue as \$136,123, total actual expenditures as \$123,105; and total liabilities and net assets as \$454,428.

6.G. *Financial Overview Foundation – All Funds – 11/30/2020*: The statement reported total contributions \$700,282; total expenses as \$765,131; and total liabilities and net assets balance as \$33,200,606.

6.H. *Financial Overview Investments – 11/30/2020*: The statement reported cash and investment balance as \$30,420,235.

MOTION: On a motion by Director Hesse, seconded by Director Fields, the Finance Committee approved the financial statements, items 6.A. through 6.H., and will be forwarded to the full board for approval.

7. Linsco Private Ledger Transfer to Charles Schwab & Co. (ACTION)

The Foundation received a letter from investment advisor Aaron Clark, Monarch Wealth Strategies, requesting Foundation investment held at LPL Financial be transferred to Charles Schwab & Co. The committee reviewed the Monarch Wealth Strategies' information and agreed to transfer the investment to Charles Schwab & Co.

MOTION: On a motion by Director Frost, seconded by Director Hesse, the Finance Committee approved transferring the Foundation investment held at LPL Financial to Charles Schwab & Co, and will be forwarded to the full board for approval.

8. Endowment Trailing Quarters Funding (ACTION)

At the Finance Committee meeting held on October 7, 2020, an agenda item was included to change the Foundation's annual one-year snapshot policy in determining funding for scholarships and programs to trailing quarters. The committee requested staff provide an analysis of 12-rolling quarters and 4-rolling quarters. Staff researched other colleges/universities and evaluated implementing endowment trailing quarters funding. The evaluation positives included: trailing quarters smooth out market volatility, provides more predictable spending, and often provides positive appreciation. The 2020 Covid pandemic and market losses caused the Foundation to rethink the annual 1-year snapshot policy when determining funding.

Ms. Seyfert advised the committee that an analysis report was prepared which reflected no major market changes for both 4-rolling quarters and 12-rolling quarters, but 4-rolling quarters was subject to market volatility.

After committee discussion, the committee recommended changing the funding snapshot policy from 1-year to 12-trailing quarters, with the review date to change from November 30th to September 30th beginning on September 30, 2021.

MOTION: On a motion by Director Smith, seconded by Director Frost, the Finance Committee approved changing the annual one-year snapshot of endowment funding, with a review date of November 30, to 12-trailing quarters, with a review date of September 30 beginning September 30, 2021, and will be forwarded to the full board for approval.

9. Review and Approval of Investment Policy (ACTION)

The Finance Committee annually reviews and approves the foundation's Investment Policy Statement which provides guidance as to how the funds of the foundation's investments shall be managed. The

Investment Policy Statement shall be reviewed and updated on an annual basis by the Finance Committee and forwarded to the Board of Directors for final approval.

The committee reviewed and approved the recommended revisions to the Investment Policy Statement presented at the Finance Committee meeting held on October 7, 2020.

MOTION: On a motion by Director Frost, seconded by Director Smith, the Finance Committee approved AHC Foundation Investment Policy Statement as submitted, and will be forwarded to the full board for approval.

10. Review and Consideration of Endowment Funding Policy (ACTION)

The committee reviewed the AHCF Endowment Funding Policy. The policy is utilized when determining the annual endowment value for scholarship and program funding. The committee provided edits including changing the endowment funding review date from November 30 to September 30 to accommodate the approved 12-trailing quarters beginning on September 30, 2021.

Natalie Rucobo arrived at 3:10 p.m.

MOTION: On a motion by Director Hesse, seconded by Director Frost, the Finance Committee approved the edits to AHC Foundation Endowment Funding Policy that includes an endowment funding review date of September 30 beginning September 30, 2021, and will be forwarded to the full board for approval.

11. Review and Consideration of 2020-2021 Endowment Scholarship & Program Funding (ACTION)

The Foundation's Endowment Funding Policy requires endowment funding is determined with the review date of November 30. The committee was provided a report of each endowment's value. The report provides for funding at 3%, 4% and 5% funding, according to the Endowment Funding Policy, along with recommended funding at 5% based on the endowment's healthy values. The committee approved 5% funding for scholarship and program support.

MOTION: On a motion by Director Smith, seconded by Director Hesse, the Finance Committee approved the 2020-2021 endowment funding at 5% in support of scholarships and programs, and will be forwarded to the full board for approval.

12. Other New Business – Date for Investment Advisor's Annual Review (INFORMATION)

Staff has scheduled Wednesday, March 31, 2021, as the date for the investment advisors to present annual review to the committee.

13. Next Meeting – April 7, 2021, 2 – 3:30 p.m. via ZOOM

14. Adjourn (ACTION)

On a motion by Director Hesse seconded by Director Fields, the meeting was adjourned at 3:28 p.m. by unanimous voice vote.

To: Finance Committee	ACTION
From: Glenn Owen, Chair Finance Committee	April 7, 2021
Subject: Review and Approval of Financial Statements	

BACKGROUND

A review of the Allan Hancock College Foundation financial statements.

6.A. Check Registers	12/1/2020 – 2/28/2021
6.B. Contributions Report	7/1/2020 – 2/28/2021
6.C. Statement of Operations	2/28/2021
6.D. Statement of Financial Position	2/28/2021
6.E. General Operations Budget	2/28/2021
6.F. Financial Overview Operations	2/28/2021
6.G. Financial Overview Foundation All Funds	2/28/2021
6.H. Financial Overview Investments	2/28/2021

RECOMMENDATION

The Finance Committee recommends approval of the financial statements as submitted. Upon approval, the financial statements will be forwarded to the Executive Committee and full board for review and approval.

Allan Hancock College
Check Register
Check Dates from 12/1/2020 to
12/31/2020

Vendor Name	Description	Bank Code: FN	Amount	Check
AHC Viticulture & Enology Foundation	Fd Sppls Dental Asst. Prog Faculty Appreciation		\$216.98	
			\$216.98	FN 83001107
Foodbank Of Santa Barbara County	Sppls FoodSHARE Because We Care Prog 111820		\$2,362.73	
			\$2,362.73	FN 83001108
Cardmember Service	Fd Sppls Meeting 110420 KW, GN		\$50.00	
	Fd Sppls Meeting 102320 JH, M Gibson		\$23.63	
	Fd Sppls Meeting 110220 JH, Gibson		\$35.92	
	Fd Sppls PC Evert Waters		\$34.78	
	Fd Sppls Meeting 111120 JH, Admin Asst candidate		\$75.57	
	Fd Sppls Meeting 111120 JH, Admin Asst candidate		\$9.85	
	Constant Contact Monthly Fee		\$90.25	
	Sppls ATP Centennial Glasses		\$473.76	
	Fd Sppls HP Planning 110620		\$33.55	
	Sppls Event Sppls		\$68.70	
	Sppls Event Sppls		\$36.93	
	Sppls Board Member gift		\$35.02	
	CASE Inst Grants Conference		\$1,000.00	
	Sppls L McNulty bday		\$65.25	
	Sppls student survey gift card		\$50.00	
	Fd Sppls Campus Graphics Staff		\$12.39	
			\$2,095.60	FN 83001109
AHC Campus Graphics	2020 Employee Giving Form Design Only		\$210.00	
	HP Appeal Card & Env		\$938.97	
	Fdtn Office Door Sign Design Only		\$1.06	
	Print Pres Circle Event 111420		\$10.68	
	HP Appeal Copies		\$1.86	
	HP Appeal Copies		\$28.56	
	2020 HP Apeal Reprint		\$327.36	
			\$1,518.49	FN 83001110
Crossroads Self Storage, LLC	Hancock Film Collection Storage Fees Jan 21		\$183.00	
			\$183.00	FN 83001111
Kim Ensing	RMB Sppls Team Movies		\$401.25	
			\$401.25	FN 83001112
Office Depot	Sppls Fdtn Office Supplies		\$70.30	
	Postage Fdtn Office Stamps		\$55.00	
	Sppls Fdtn Office Supplies		\$14.13	
			\$139.43	FN 83001113
Santa Maria Breakfast Rotary Club	Monthly Dues & Fees KW Nov 2020		\$319.85	
			\$319.85	FN 83001114
Uc Santa Barbara	Fall 2020 Schol C Watson		\$1,050.00	
	Fall 2020 Schol C Watson		\$1,150.00	
	Fall 2020 Schol C Watson		\$500.00	

Allan Hancock College
Check Register
Check Dates from 12/1/2020 to
12/31/2020

Vendor Name	Description	Bank Code: FN	Amount	Check
			\$2,700.00	FN 83001115
U S Postal Service	FY21 Bulk Mailing Account		\$500.00	
			\$500.00	FN 83001116
AHC District	Sppls Bulldog Bound		\$288.22	
	Student 911 Funds Oct 2020		\$1,700.00	
	Student 911 Funds		\$280.13	
	Banner Scholarships Nov 2020		\$5,500.00	
			\$7,768.35	FN 83001117
Blackbaud Inc	RE NXT Success Professional Svcs Oct 2020		\$1,000.00	
	RE NXT Success Professional Svcs Nov 2020		\$1,000.00	
	RE NXT Success Professional Svcs Dec 2020		\$1,000.00	
			\$3,000.00	FN 83001118
Santa Barbara Foundation	HP End Investment Title V HSI 101420		\$137.90	
	HP End Investment Walker 101520		\$98.50	
	HP End Investment Walker 101520		\$98.50	
	HP End Investment Cox 101920		\$985.00	
	HP End Investment Dominguez 103020		\$172.38	
	HP End Investment Fields 103120		\$985.00	
	HP End Investment Sherry 111020		\$2,364.00	
	HP End Investment Gibson 111620		\$137.90	
	HP End Investment Daane 111620		\$15.76	
	HP End Investment Manning 111620		\$98.50	
	HP End Investment Nanning 111720		\$5,910.00	
	HP End Investment Durant 111820		\$2,462.50	
	HP End Investment Eames 112320		\$4,925.00	
	HP End Investment Fields 113020		\$985.00	
	HP End Investment Dominguez 120320		\$172.37	
	HP End Investment Scully 120420		\$1,970.00	
	HP End Investment Frost 120420		\$2,895.90	
	HP End Investment Paulsen 120820		\$1,970.00	
			\$26,384.21	FN 83001119
The Rotary Club Of Santa Maria	Dues and Membership Fees BC Nov 2020		\$33.00	
			\$33.00	FN 83001120
AHC Campus Graphics	HP Appeal No. 2 Self Mailer		\$555.07	
	Nametags & Name Plate - T McKee		\$20.00	
	2020 Generic Promise Appeal Self Mailer		\$24.05	
			\$599.12	FN 83001121
Cardmember Service	Fd Sppls Mtg 112020 MG, JH, KW		\$59.00	
	Fd Sppls CalWorks Event 112420		\$110.94	
	Fd Sppls Fdn Staff		\$8.99	
	Sppls Staff Appreciation		\$50.00	
	Advertising Facebook		\$90.00	
	Fd Sppls Staff Luncheon 120420		\$88.51	
	Sppls Staff Welcome Flowers		\$26.93	
	Fd Sppls Staff Welcome Lunch 111620		\$75.32	
	Constant Contact Monthly Fees		\$90.25	
	Fluxx Grantseeker Subscription		\$479.88	

Allan Hancock College
 Check Register
 Check Dates from 12/1/2020 to
 12/31/2020

Vendor Name	Description	Bank Code: FN	Amount	Check
Cardmember Service	Fdtn USPS Postage Stamps		\$264.00	
			\$1,343.82	FN 83001122
D2UP, LLC	Athletics Speaking Session 112320		\$1,250.00	
			\$1,250.00	FN 83001123
Vanessa Dominguez	RMB Sppls Angel Tree Gifts 2020		\$2,303.63	
			\$2,303.63	FN 83001124
Stacy Krelle	RMB Sppls Angel Tree 2020 Crafts		\$45.44	
			\$45.44	FN 83001125
Adelina Pozos	RMB Sppls SkillsUSA Criminal Justice Comp		\$108.71	
			\$108.71	FN 83001126
Veronica Reyes	RMB Sppls EOPS Events & Angel Tree 2020		\$98.23	
			\$98.23	FN 83001127
			Total: \$53,371.84	

Allan Hancock College
Check Register
Check Dates from 1/1/2021 to 1/31/2021
Bank Code: FN

Vendor Name	Description	Amount	Check
AHC Campus Graphics	2021 New Year's Card	\$536.41	
		<u>\$536.41</u>	FN 83001128
American Business Machines	Canon Copies 10/01/20-12/31/2020	\$6.58	
		<u>\$6.58</u>	FN 83001129
Blackbaud Inc	RE NXT Success Professional Svcs	\$1,000.00	
		<u>\$1,000.00</u>	FN 83001130
Foodbank Of Santa Barbara County	FoodSHARE Because We Care Prog 121620	\$2,364.37	
		<u>\$2,364.37</u>	FN 83001131
Office Depot	Fdtn Office Sppls	\$5.97	
	Fdtn Office Sppls & Waters	\$92.18	
	Fdtn Office Sppls	\$38.06	
	Fdtn Office Sppls	\$174.48	
	Fdtn Office Sppls	\$27.72	
	Fdtn Office Sppls	\$8.69	
		<u>\$347.10</u>	FN 83001132
Santa Maria Breakfast Rotary Club	Monthly Dues & Fees KW Dec 2020	\$235.85	
		<u>\$235.85</u>	FN 83001133
Calif State Univ-Channel Islands	S2021 Schol C Guerrero	\$1,000.00	
	S2021 Schol C Guerrero	\$826.00	
		<u>\$1,826.00</u>	FN 83001134
PCPA	FY21 M Hancock Trust 3rd Qtr Distributions	\$18,662.00	
		<u>\$18,662.00</u>	FN 83001135
AHC District	Chargeback Fd Sppls Nov 2020	\$11.99	
	Chargeback Stdnt 911 Funds	\$1,510.00	
	SB Fdtn Dougan Grant Exps as of 123120	\$5,662.48	
	Fdtn Banner Schols Dec 2020	\$7,352.65	
	Wood-Claeyssens Grant Exps	\$9,369.19	
	Orfelea Fdtn Child Ctr Grant Exps 123120	\$9,980.00	
		<u>\$33,886.31</u>	FN 83001136
Crossroads Self Storage, LLC	Hancock Film Collection Storage Feb 2021	\$183.00	
		<u>\$183.00</u>	FN 83001137
The Rotary Club Of Santa Maria	Dues and Membership Fees BC Dec 2020	\$43.00	
		<u>\$43.00</u>	FN 83001138
		<u>Total: \$59,090.62</u>	

Allan Hancock College
Check Register
Check Dates from 2/1/2021 to 2/28/2021
Bank Code: FN

Vendor Name	Description	Amount	Check
AAUW California Special Projects Fund	Pillar Sponsorship 2021	\$1,000.00	
		<u>\$1,000.00</u>	FN 83001139
AHC Campus Graphics	Centennial Swag Engraving	\$1,487.50	
		<u>\$1,487.50</u>	FN 83001140
AHC District	Sppls Centennial Shirts	\$11.15	
	Fd Sppls Stdnt Athl Meals 122620	\$900.00	
	Fdtn Stdnt Emergency Funds Dec 2020	\$1,510.00	
		<u>\$2,421.15</u>	FN 83001141
AHC Viticulture & Enology Foundation	Fd Sppls Centennial Sparkling Wine	\$548.10	
		<u>\$548.10</u>	FN 83001142
Calif State Univ-Channel Islands	Sp 2021 Schol A Magallon	\$1,000.00	
	Sp 2021 Schol A Magallon	\$1,300.00	
		<u>\$2,300.00</u>	FN 83001143
Cardmember Service	Sppls Sympathy Plant ES	\$70.04	
	Fd Sppls Mgrs & Spr/Conf	\$1,500.00	
	Advertising Facebook	\$73.00	
	Sppls Shipping Sppls	\$37.78	
	Constant Contact Monthly Fee	\$90.25	
	Sppls Sympathy Flowers TA	\$92.66	
	Sppls Donor Gifts	\$693.72	
		<u>\$2,557.45</u>	FN 83001144
AHC Campus Graphics	Print Fdtn Brd Books/Handouts	\$175.68	
	Print Fdtn New Year Cards	\$22.12	
		<u>\$197.80</u>	FN 83001145
Blackbaud Inc	RE NXT Success Professional Svcs Feb 2021	\$1,000.00	
		<u>\$1,000.00</u>	FN 83001146
Office Depot	Fdtn Office Sppls Calendar	\$17.12	
		<u>\$17.12</u>	FN 83001147
Kevin Walthers	RMB Fd Sppls FoodShare Volunteers 020221	\$100.00	
		<u>\$100.00</u>	FN 83001148
4imprint Inc.	Sppls Zigoo Silicone Collapsible Bottles	\$1,504.01	
	Freight	\$91.78	
	Set-up charge	\$65.25	
		<u>\$1,661.04</u>	FN 83001149
AHC District	Adult ReEntry Warm HandOff Exps 0701-123121	\$24,077.03	
		<u>\$24,077.03</u>	FN 83001150
Crossroads Self Storage, LLC	Hancock Film Collection Storage Fee Mar 2021	\$183.00	
		<u>\$183.00</u>	FN 83001151
Adelina Pozos	RMB Stdnt Reg Fee 011221 JCarranza	\$50.00	
		<u>\$50.00</u>	FN 83001152

Allan Hancock College
Check Register
Check Dates from 2/1/2021 to 2/28/2021
Bank Code: FN

Vendor Name	Description	Amount	Check
Stephanie Robb	RMB Fd Sppls 012621 FdShare Staff	\$210.16	
		<u>\$210.16</u>	FN 83001153
	RMB Fd Sppls 021121 FdShare Staff	\$132.60	
		<u>\$132.60</u>	FN 83001154
	RMB Fd Sppls FoodShare Volunteers 021821	\$171.78	
		<u>\$171.78</u>	FN 83001155
Natalie Rucobo	RMB Vision Exps 2021	\$278.80	
		<u>\$278.80</u>	FN 83001156
Santa Barbara Foundation	HP End Invenstment McGlothlin 121020	\$32,833.00	
	HP End Invenstment Anders 121020	\$98.50	
	HP End Invenstment Gibson 121620	\$137.90	
	HP End Invenstment Norris 121720	\$1,970.00	
	HP End Invenstment Lackey 121820	\$1,970.00	
	HP End Invenstment Fields 122820	\$1,477.50	
	HP End Invenstment Hervey 122920	\$98.50	
	HP End Invenstment Walthers 123120	\$344.75	
	HP End Invenstment Dominguez 123120	\$172.38	
	HP End Invenstment Walker 012121	\$98.50	
	HP End Invenstment Walker 012121	\$98.50	
	HP End Invenstment Clark 012221	\$98.50	
	HP End Invenstment Strong 012521	\$13,230.54	
	HP End Invenstment Thatcher 012621	\$4,925.00	
	HP End Invenstment Gibson 012821	\$137.90	
	HP End Invenstment Manning 012821	\$98.50	
	HP End Invenstment Daane 012821	\$15.76	
	HP End Invenstment Walthers 020221	\$344.75	
	HP End Invenstment Dominguez 020221	\$172.37	
	HP End Invenstment McNulty 020221	\$98.50	
	HP End Invenstment Miyahara 020221	\$49.25	
	HP End Invenstment Moreton 020221	\$4.93	
	HP End Invenstment Sta Ynez Vily Fdtn 020421	\$5,910.00	
HP End Invenstment Leutloff 021621	\$42,355.00		
	<u>\$106,740.53</u>	FN 83001157	
The Rotary Club Of Santa Maria	Dues and Membership Fees BC Jan 2021	\$74.88	
		<u>\$74.88</u>	FN 83001158
		<u>Total: \$145,208.94</u>	

Allan Hancock College Foundation
Contributions
July 1, 2020 through June 30, 2021

Account	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
General Operations	\$ 8,756	\$ 10,040	\$ 10,035	\$ 7,341	\$ 2,950	\$ 4,804	\$ 7,066	\$ 137					\$ 51,129
Other Local Income	\$ -	\$ 8	\$ -	\$ -	\$ 24	\$ -	\$ 28						\$ 60
President's Circle	\$ 4,581	\$ 3,831	\$ 2,541	\$ 2,558	\$ 4,055	\$ 17,008	\$ 2,005	\$ 2,143					\$ 38,721
Restricted	\$ 1,429	\$ 3,376	\$ 1,090	\$ 11,990	\$ 4,040	\$ 1,970	\$ 1,105	\$ 794					\$ 25,794
Scholarships	\$ 83,832	\$ 25,971	\$ 22,432	\$ 31,925	\$ 12,367	\$ 42,500	\$ 36,079	\$ 51,265					\$ 306,371
Hancock Promise	\$ 200,827	\$ 6,329	\$ 29,559	\$ 6,859	\$ 5,116	\$ 38,457	\$ 14,048	\$ 124,354					\$ 425,549
Title V - Hancock Promise				\$ 371	\$ 19,533	\$ 32,382	\$ 47,714						\$ 100,000
Endowments	\$ 124,259	\$ 20,000	\$ -	\$ 7,475	\$ 10,550	\$ 131,100	\$ 2,000	\$ 15,447					\$ 310,831
MONTHLY TOTALS	\$ 423,683	\$ 69,554	\$ 65,657	\$ 68,519	\$ 58,636	\$ 268,221	\$ 110,045	\$ 194,140					
CURRENT YTD TOTALS	\$ 423,683	\$ 493,237	\$ 558,894	\$ 627,413	\$ 686,049	\$ 954,270	\$ 1,054,315	\$ 1,258,455	\$ -	\$ -	\$ -	\$ -	\$ 1,258,455

PRIOR YEARS CONTRIBUTIONS

July 2019 - June 2020	1,646,016
July 2018 - June 2019	1,646,016
July 2017 - June 2018	2,547,577
July 2016 - June 2017	1,167,156
July 2015 - June 2016	1,766,065
July 2014 - June 16	1,354,736
July 2012 - June 2013	11,662,226
July 2011 - June 2012	774,867
July 2010 - June 2011	907,673
July 2009 - June 2010	941,725
July 2008 - June 2009	1,053,236
July 2007 - June 2008	1,070,668
July 2006 - June 2007	1,098,427
July 2005 - June 2006	1,125,361

NOTES:
a) Report does not include investment portfolio activity.
b) Report does not include outstanding pledges.

**ALLAN HANCOCK COLLEGE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDING 02/28/2021**

	Cash Admin	General Operations	Restricted	Scholar- ships	Endowment Principal	Endowment Rev/Exp	Total
REVENUES:							
PPP Loan Forgiveness Income	0	12,998	0	0	0	0	12,998
Contributions, Gifts, Grants & Endwmnts	0	51,128	490,064	306,371	410,831	0	1,258,395
Sales and Commission	0	0	510	0	0	0	510
Interest and Investment Income	0	13,177	38	0	0	476,206	489,420
Realized Gain/Loss on Invest	0	3,910	0	0	0	488,052	491,962
Unrealized Gain/Loss on Invest	0	46,554	0	0	0	3,747,898	3,794,452
Other Local Revenues	0	60	0	0	0	0	60
Total Revenues	0	127,827	490,612	306,371	410,831	4,712,155	6,047,797
EXPENSES:							
Non Bargaining Unit	0	149,405	0	0	0	0	149,405
Payroll Expense/Other Forgivable Ex	0	12,998	0	0	0	0	12,998
Benefits	0	16,113	0	0	0	0	16,113
Public Relations/Recognitions	0	292	0	0	0	0	292
Office/Operational Supplies	0	2,202	5,680	0	0	0	7,881
In Kind Supply Expense	0	0	510	0	0	0	510
Non Instr Printing	0	6,473	1,110	0	0	0	7,582
Contest Prizes	0	0	200	0	0	0	200
Food - Business Meetings/Events	0	2,381	6,326	0	0	0	8,707
Service Contracts (Businesses)	0	2,139	1,250	0	0	0	3,389
Travel - All Travel Costs	0	1,900	0	0	0	0	1,900
On-Site-Prof. Develop/Webinars	0	1,030	0	0	0	0	1,030
Foundation Community Activities	0	1,313	9,870	0	0	0	11,182
Dues & Memberships	0	1,000	1,546	0	0	0	2,546
Non-Tech Licenses, Permits, Fees	0	308	1,677	0	0	0	1,985
Software/Technology Licenses	0	0	19,276	0	0	0	19,276
Software Maintenance Agreement	0	5,000	0	0	0	0	5,000
Equipment Rental	0	0	2,512	0	0	0	2,512
District/College Support	0	0	81,672	0	0	0	81,672
Postage/Express Services	0	2,888	33	0	0	0	2,920
Advertising	0	1,413	0	0	0	0	1,413
Bank Service Charges	0	3,276	0	0	0	0	3,276
Investment Brokerage Fees	0	2,278	0	0	0	166,272	168,551
PCPA Support	0	0	0	55,986	0	0	55,986
Student Assistance	0	0	18,977	0	0	0	18,977
Scholarships	0	0	6,895	443,406	0	0	450,301
Misc Payments to/for Students	0	0	280	0	0	0	280
Total Expenses	0	212,408	157,813	499,392	0	166,272	1,035,885
Net Income (Loss)	0	(84,581)	332,799	(193,020)	410,831	4,545,883	5,011,913
OTHER FINANCING SOURCES/OUTGO:							
Intrafund Transfer-In	0	103,091	81,542	309,717	515,234	17,262	1,026,845
Intrafund Transfers-Out	0	0	631,590	1,551	45,324	455,121	1,133,586
Other Transfer-In	0	47,971	0	0	0	0	47,971
Net Transfers	0	151,061	(550,048)	308,166	469,910	(437,859)	(58,770)
Net Inc/Dec in Fund Bal	0	66,481	(217,249)	115,146	880,741	4,108,024	4,953,143
FUND BALANCE:							
Fund Equity, July 1	0	389,170	2,841,568	589,105	22,344,971	3,839,151	30,003,966
Current Balance	0	455,651	2,624,319	704,251	23,225,712	7,947,175	34,957,108

**ALLAN HANCOCK COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING 02/28/2021**

	Cash Admin	General Operations	Restricted	Scholar- ships	Endowment Principal	Endowment Rev/Exp	Total
ASSETS:							
Claim on Cash	(11,115,851)	449,786	2,088,261	724,451	(93,822)	7,947,175	0
AHC Fdtn Mechanics Bank Checking	492,760	0	0	0	0	0	492,760
AHC Fdtn MS Active Assets MM	766,161	0	0	0	0	0	766,161
MS Select UMA Boyd 3740 Inv Cash	0	0	0	0	159,283	0	159,283
MS Select UMA Unrestr 2948 Inv Cash	19,497	0	0	0	0	0	19,497
Monarch With Strategies Pooled Cash	68,889	0	0	0	0	0	68,889
Monarch With Strategies Lahr Cash	0	0	0	0	1,718	0	1,718
Northern Trust Boyd Cash	0	0	0	0	346,241	0	346,241
Northern Trust Young Cash	0	0	0	0	64,361	0	64,361
Mechanics Bank With Mgmt Boyd Cash	0	0	0	0	272,985	0	272,985
MS Select UMA Pooled 1441 Inv Cash	307,540	0	0	0	0	0	307,540
MorgStnly Title V HSI HP 8826 Cash	0	0	0	0	379	0	379
Pledge Receivable - Current	0	0	178,844	0	0	0	178,844
Pledge Receivable - Non Current	0	0	371,495	0	0	0	371,495
Discount on Pledge Receivable	0	0	(16,029)	0	0	0	(16,029)
Due From Other Funds	0	6,437	480	0	30,096	0	37,013
Inventory	0	0	1,270	0	0	0	1,270
MS Select UMA Boyd 3740 Inv Cost	0	0	0	0	2,127,184	0	2,127,184
MS Select UMA Unrestr 2948 Inv Cost	477,069	0	0	0	0	0	477,069
Monarch With Strategies Pooled Cost	1,514,889	0	0	0	0	0	1,514,889
Monarch With Strategies Lahr Cost	0	0	0	0	57,617	0	57,617
Northern Trust Boyd Cost	0	0	0	0	6,978,009	0	6,978,009
Northern Trust Young Cost	0	0	0	0	1,218,948	0	1,218,948
Mechanics Bank With Mgmt Boyd Cost	0	0	0	0	4,499,531	0	4,499,531
MS Select UMA Pooled 1441 Inv Cost	5,184,509	0	0	0	0	0	5,184,509
Interest in CA Comm Colleges Cost	0	0	0	0	145,588	0	145,588
SB Fdtn Hancock Promise Cost	0	0	0	0	3,539,361	0	3,539,361
MorgStnly Title V HSI HP 8826 Cost	0	0	0	0	69,957	0	69,957
MS Select UMA Boyd 3740 Inv FMV Adj	0	0	0	0	547,675	0	547,675
MS Select UMA Unrestr 2948 FMV Adj	105,739	0	0	0	0	0	105,739
Monarch With Strigs Pooled FMV Adj	374,561	0	0	0	0	0	374,561
Monarch With Strigs Lahr FMV Adj	0	0	0	0	15,188	0	15,188
Northern Trust Boyd FMV Adj	0	0	0	0	1,281,349	0	1,281,349
Northern Trust Young FMV Adj	0	0	0	0	391,204	0	391,204
Mechanics Bk With Mgmt Boyd FMV Adj	0	0	0	0	1,045,650	0	1,045,650
MS Select UMA Pooled 1441 FMV Adj	1,804,237	0	0	0	0	0	1,804,237
SB Fdtn Hancock Promise FMV Adj	0	0	0	0	527,549	0	527,549
MrgStnly Title V HSI HP 8826 FMV Adj	0	0	0	0	(339)	0	(339)
Total Assets	0	456,224	2,624,320	724,451	23,225,712	7,947,175	34,977,882
LIABILITIES:							
Accounts Payable	0	556	0	0	0	0	556
Sales Tax Payable	0	16	1	0	0	0	17
Due To/From Interchart Scholarshi	0	0	0	20,200	0	0	20,200
PPP Forgivable Grant Liability	0	61,750	0	0	0	0	61,750
PPP Forgivable Grant Contra Liablt	0	(61,750)	0	0	0	0	(61,750)
Total Liabilities	0	573	1	20,200	0	0	20,773
FUND BALANCE:							
Fund Equity FYB	0	389,170	2,841,568	589,105	22,344,971	3,839,151	30,003,966
Current Income/Loss	0	66,481	(217,249)	115,146	880,741	4,108,024	4,953,143
Total Fund Balance	0	455,651	2,624,319	704,251	23,225,712	7,947,175	34,957,109
Total Liabilities & Fund Balance	0	456,224	2,624,320	724,451	23,225,712	7,947,175	34,977,882

**Allan Hancock College Foundation
Fdn General Operations**

Query View Budget Quick Query
Fiscal period start 07/01/2020
Fiscal period end 06/30/2020
As of Date 02/28/2021

Chart of Accounts 3
Fund 831001 and 831002
Organization AFN
Account All
Program 709001

Account	Account Title	Adopted Budget	Adjusted Budget	Year to Date	Available Balance
EXPENSE					
214000	Non Bargaining Unit	\$ 259,362	\$ 261,863	\$ 149,405	\$ 112,458
215000	Payroll Expense/Other Forgiveable	\$ -	\$ -	\$ 12,998	\$ (12,998)
332000	Classified Non Instr FICA-Soc Scry	\$ 16,080	\$ 16,235	\$ 10,069	\$ 6,166
336000	Classified Non-Instr FICA-Medicare	\$ 3,761	\$ 3,797	\$ 2,355	\$ 1,442
342000	Classified Non Instr Health & Wlfr	\$ 1,200	\$ 1,200	\$ 435	\$ 765
352000	Classified Non-Instr SUI	\$ 728	\$ 2,334	\$ 1,976	\$ 358
352500	Classified ETT-Foundation	\$ 28	\$ 28	\$ 6	\$ 22
362000	Classified Non Instr Workers Comp	\$ 1,985	\$ 2,050	\$ 1,272	\$ 778
451500	Public Relations/Recognitions	\$ 500	\$ 500	\$ 292	\$ 208
452000	Office/Operational Supplies	\$ 6,000	\$ 6,000	\$ 2,202	\$ 3,798
454000	Non Instr Printing	\$ 6,500	\$ 8,000	\$ 6,473	\$ 1,527
471000	Food - Business Meetings/Events	\$ 6,000	\$ 5,000	\$ 2,381	\$ 2,619
511000	Indep Contractor (Individuals)	\$ 3,500	\$ 1,000	\$ -	\$ 1,000
511200	Service Contracts (Businesses)	\$ 3,500	\$ 3,500	\$ 2,139	\$ 1,361
521000	Travel - All Travel Costs	\$ 6,000	\$ 2,000	\$ 1,900	\$ 100
522000	On-Site-Prof. Develop/Webinars	\$ 500	\$ 2,000	\$ 1,030	\$ 970
522400	Foundation Community Activities	\$ 15,000	\$ 2,500	\$ 1,313	\$ 1,187
531000	Dues & Memberships	\$ 2,000	\$ 2,000	\$ 1,000	\$ 1,000
532000	Non-Tech Licenses,Permits,Fees	\$ 550	\$ 2,300	\$ 308	\$ 1,992
566000	Software Maintenance Agreement	\$ 10,000	\$ 20,000	\$ 5,000	\$ 15,000
569000	Equipment Rental	\$ 850	\$ 850	\$ -	\$ 850
587000	Postage/Express Services	\$ 2,500	\$ 4,250	\$ 2,888	\$ 1,362
588000	Advertising	\$ 3,500	\$ 1,894	\$ 1,413	\$ 481
589200	Bank Service Charges	\$ 1,500	\$ 4,000	\$ 3,276	\$ 724
589500	Investment Brokerage Fees	\$ 5,000	\$ 5,000	\$ 2,277	\$ 2,723
641000	Equipment	\$ 1,500	\$ 1,500	\$ -	\$ 1,500
721500	Intrafund Transfers-Out	\$ 23,500	\$ 23,500	\$ -	\$ 23,500
Revenue					
819900	PPP Loan Forgiveness Income	\$ -	\$ -	\$ 12,998	\$ (12,998)
862000	Contributions,Gifts,Grants&Endwmnt	\$ 40,000	\$ 40,000	\$ 51,129	\$ (11,129)
886000	Interest and Investment Income	\$ 26,250	\$ 27,250	\$ 13,177	\$ 14,073
887000	Realized Gain/Loss on Investment	\$ -	\$ -	\$ 50,464	\$ (50,464)
889000	Other Local Revenues	\$ 425	\$ 425	\$ 60	\$ 365
898200	Intrafund Transfer-In	\$ 244,179	\$ 244,936	\$ 103,091	\$ 141,845
898300	Other Transfer In	\$ 70,690	\$ 70,690	\$ 47,971	\$ 22,719
				\$ -	\$ -
Revenue Total		\$ 381,544	\$ 383,301	\$ 278,890	\$ 102,654
Expenditure Total		\$ 381,544	\$ 383,301	\$ 212,409	\$ 169,135
Report Total (of all records)		\$ -	\$ -	\$ 66,481	\$ (66,481)

Intra Fund Transfers-Out

	<u>Budget</u>	<u>Actual</u>
Annual Sch. Banquet Support	\$ 22,500	\$ -
	\$ 22,500	\$ -

Intra Fund Transfers-In

Administration Fee @ 1.5%	\$ 82,500	\$ 80,578
President's Circle Fee @ 15%	\$ 15,000	\$ -
Unrestricted Endowment Proceeds	\$ 5,000	\$ 6,100
Hancock Promise Gift Fee @ 1.5%	\$ 7,500	\$ 8,782
Hansen Unrestricted Endowment	\$ 11,271	\$ 7,631
Other Transfer-In (District Support)	\$ 71,355	\$ 47,971
Other Transfer-In (District Support)	\$ 123,000	\$ -
	\$ 315,626	\$ 151,062

AHC Foundation Financial Overview - General Operations

Statement of Activity	Actual as of 2/28/2021	% of Budget	Budget 2020-21
Support and revenue			
Unrestricted contributions	51,128	128%	40,000
PPP loan forgiveness income	12,998		
Transfers in (out):	-		
Admin fee @ 1.5%	80,578	98%	82,500
President's Circle Fee @1%	-	0%	15,000
Unrestricted endowment proceeds	6,100	122%	5,000
Promise fee 1.5%	8,782	117%	7,500
Hansen Proceeds	7,631	68%	11,271
Interfund transfers (out)	-		(22,500)
District support foundation operations	47,971	25%	194,355
Net transfers in (out)	151,062	52%	293,126
Other	60	14%	425
Total support and revenue	215,248	65%	333,551
Expenditures - See below	(212,408)	59%	(360,801)
Other Income:			
Net realized gain	3,910		-
Net unrealized gain (loss)	46,554		
Interest and dividends	13,177	48%	27,250
Total other income	63,641	234%	27,250
Change in net assets	66,481		-
Net assets, beginning	389,170		
Net assets, end	455,651		-

Statement of Financial Position	Actual as of 2/28/2021
Assets	
Current Assets	
Cash	449,786
Due from other funds	6,437
Total current assets	456,223
Total assets	456,223
Liabilities and Net assets	
Current liabilities	572
Net Assets	455,651
Total liabilities and net assets	456,223

	Actual as of 2/28/2021	% of Budget	Budget 2020-21
Expenditures			
Advertising and postage	4,593	63%	7,250
Bank and brokerage charges	5,553	74%	7,500
Building and equipment	-	0%	2,350
Community activities	1,000	7%	14,250
Contracts and leases	2,139	36%	6,000
District college support	-		
Employee benefits	16,113	67%	24,038
Food	2,381	40%	6,000
Memberships and permits	308	12%	2,550
Miscellaneous expense	-		
Payroll PPP forgiveness	12,998		-
PCPA support	-		
Salaries	149,405	57%	261,863
Scholarship fund transfers out	-		
Software maintenance agreement	5,000	50%	10,000
Supplies and materials	8,675	69%	12,500
Student assistance	-		
Travel and conference	4,243	65%	6,500
Total expenditures	212,408	59%	360,801

AHC Foundation Financial Overview - All

Statement of Activity	Actual as of 2/28/2021
Support and revenue	
Unrestricted contributions	1,258,394
PPP loan forgiveness income	12,998
Other	570
Total support and revenue	1,271,962
Expenditures - See below	1,035,885
Other Income:	
Net realized gain	491,962
Net unrealized gain (loss)	3,794,452
Interest and dividends	489,421
Total other income	4,775,835
Other transfer-in:	
District advancement officer	
Other	(106,741)
District support for foundation operations	47,971
Total other transfer-in	(58,770)
Change in net assets	4,953,142
Net assets, beginning	30,003,965
Net assets, end	34,957,107

Statement of Financial Position	Actual as of 2/28/2021
Assets	
Current Assets	
Cash	2,499,814
Accounts receivable	-
Pledges receivable - current	178,844
Other assets	1,270
Due from other funds	37,013
Total current assets	2,716,941
Pledges receivable - non current	355,466
Investments (cost)	25,812,662
Investments (FMV adjustment)	6,092,813
Total assets	34,977,882
Liabilities and Net assets	
Current liabilities	573
Due to Scholarships	20,200
Net Assets	34,957,107
Total liabilities and net assets	34,977,880

	Actual as of 2/28/2021
Expenditures	
Advertising and postage	4,626
Bank and brokerage charges	171,825
Building and equipment	2,512
Community activities	2,546
Contracts and leases	3,389
District College Support	81,672
Employee benefits	16,113
Food	8,707
Memberships and permits	21,261
Miscellaneous	710
Payroll PPP forgiveness	12,998
PCPA support	55,986
Salaries	149,405
Scholarships	450,580
Software licenses & maintenance	5,000
Student Assistance	18,977
Supplies and materials	15,465
Travel and conference	14,113
Total expenditures	1,035,885

AHC Foundation Financial Overview - Investments

Investment Advisor/Fund	6/30/2020	2/28/2021	Change	% Change
Morgan Stanley - UMA Active Assets	\$ 5,902,820	\$ 6,988,746	\$ 1,085,926	18.40%
Morgan Stanley - UMA Unrestricted	\$ 520,233	\$ 582,808	\$ 62,575	12.03%
Morgan Stanley - Title V		\$ 69,618	\$ 69,618	3.01%
Morgan Stanley - Boyd Music Program	\$ 2,310,279	\$ 2,674,859	\$ 364,580	22.64%
Monarch Wealth Strategies	\$ 1,609,985	\$ 1,889,450	\$ 279,465	17.36%
Monarch Wealth Strategies Lahr	\$ 62,937	\$ 72,805	\$ 9,868	15.68%
Interest in CA Community Colleges	\$ 121,564	\$ 145,588	\$ 24,024	19.76%
Northern Trust - Young	\$ 1,287,197	\$ 1,610,152	\$ 322,955	25.09%
Northern Trust - Boyd	\$ 7,290,670	\$ 8,259,358	\$ 968,688	13.29%
Santa Barbara Foundation - Hancock Promise	\$ 3,113,238	\$ 4,066,910	\$ 953,672	30.63%
Mechanics Bank - Boyd	\$ 4,660,100	\$ 5,545,181	\$ 885,081	18.99%
Total	\$ 26,879,023	\$ 31,905,475	\$ 5,026,452	18.70%

Statement of Financial Position:

Investments (cost)	\$ 25,812,662
Investments (FMV adjustment)	\$ 6,092,813
Net investments reported	\$ 31,905,475

To: Finance Committees	ACTION
From: Jon Hooten, Executive Director College Advancement	April 7, 2021
Subject: Approval of 2021-2022 Operations Budget	

BACKGROUND

Each year the Finance Committee approves the Foundation's operating budget for the upcoming fiscal period. Staff developed the 2021-2022 proposed budget on the next page, which includes the current approved 2020-2021 budget.

The committees will discuss the proposed budget and revise as needed. The proposed 2021-2022 operating budget is being presented for approval.

EXPENSE and REVENUE BUDGET INCREASE/DECREASE:

Throughout the fiscal year, journal vouchers were prepared increasing/decreasing budgeted expenses. In anticipation of community activities resuming after the pandemic, \$15,000 has been budgeted for Foundation Community Activities.

Staff salaries/Employee Benefits & Payroll Taxes: The budgeted amount of \$283,144 provides a 2% COLA increase for staff salaries and a step increase and longevity for two positions.

District/Grant Contribution – The district has permanently institutionalized the Foundation's Advancement Specialist position. The proposed budget amount for the position is \$78,360 which includes benefits and employer payroll taxes. In addition, the district has agreed to provide \$123,000 in direct operational support for three years beginning during fiscal year 2019-2020. Fiscal year 2021-22 is the final year of support.

RECOMMENDATION

Staff recommends approval of the fiscal year 2021-2022 *Foundation Operating Budget* as submitted to the Finance Committee, and will be forwarded to the Executive Committee and the full board for approval.

**Allan Hancock College Foundation
Fdn General Operations
Proposed Fiscal Year 2021 Budget**

Fiscal period start 07/01/2020
Fiscal period end 06/30/2020
As of Date 02/29/2021

Chart of Accounts 3
Fund 831001 and 831002
Organization AFN
Account AA
Program 709001

Account	Account Title	Adopted Budget	Adjusted Budget	YTD	Available Balance	FY22 Proposed Budget
214000	Non Bargaining Unit	\$ 259,362	\$ 261,863	\$ 149,405	\$ 112,458	\$ 265,000
215000	Payroll Expense/Other Forgivable	\$ -	\$ -	\$ 12,998	\$ (12,998)	\$ -
332000	Classified Non Instr FICA-Soc Scrt	\$ 16,080	\$ 16,235	\$ 10,069	\$ 6,166	\$ 16,000
338000	Classified Non-Instr FICA-Medicare	\$ 3,761	\$ 3,797	\$ 2,355	\$ 1,442	\$ 3,800
342000	Classified Non Instr Health & Wifr	\$ 1,200	\$ 1,200	\$ 435	\$ 765	\$ 1,200
352000	Classified Non-Instr SUJ	\$ 728	\$ 2,334	\$ 1,976	\$ 358	\$ 1,700
352500	Classified ETT-Foundation	\$ 28	\$ 28	\$ 6	\$ 22	\$ 50
362000	Classified Non Instr Workers Comp	\$ 1,985	\$ 2,050	\$ 1,272	\$ 778	\$ 2,100
451500	Public Relations/Recognitions	\$ 500	\$ 500	\$ 292	\$ 208	\$ 500
452000	Office/Operational Supplies	\$ 6,000	\$ 6,000	\$ 2,202	\$ 3,798	\$ 7,000
454000	Non Instr Printing	\$ 6,500	\$ 8,000	\$ 6,473	\$ 1,527	\$ 8,000
471000	Food - Business Meetings/Events	\$ 6,000	\$ 5,000	\$ 2,381	\$ 2,619	\$ 6,000
511000	Indep Contractor (Individuals)	\$ 3,500	\$ 1,000	\$ -	\$ 1,000	\$ 2,500
511200	Service Contracts (Businesses)	\$ 3,500	\$ 3,500	\$ 2,139	\$ 1,361	\$ 3,500
521000	Travel - All Travel Costs	\$ 6,000	\$ 2,000	\$ 1,900	\$ 100	\$ 6,500
522000	On-Site-Prof. Develop/Webinars	\$ 500	\$ 2,000	\$ 1,030	\$ 970	\$ 2,000
522400	Foundation Community Activities	\$ 15,000	\$ 2,500	\$ 1,313	\$ 1,187	\$ 15,500
531000	Dues & Memberships	\$ 2,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 2,500
532000	Non-Tech Licenses,Permits,Fees	\$ 550	\$ 2,300	\$ 308	\$ 1,992	\$ 1,500
560000	Software Maintenance Agreement	\$ 10,000	\$ 20,000	\$ 5,000	\$ 15,000	\$ 15,000
569000	Equipment Rental	\$ 850	\$ 850	\$ -	\$ 850	\$ 1,000
587000	Postage/Express Services	\$ 2,500	\$ 4,250	\$ 2,888	\$ 1,362	\$ 3,500
588000	Advertising	\$ 3,500	\$ 1,894	\$ 1,413	\$ 481	\$ 2,000
589200	Bank Service Charges	\$ 1,500	\$ 4,000	\$ 3,276	\$ 724	\$ 4,000
589500	Investment Brokerage Fees	\$ 5,000	\$ 5,000	\$ 2,277	\$ 2,723	\$ 5,000
641000	Equipment	\$ 1,500	\$ 1,500	\$ -	\$ 1,500	\$ 1,500
721500	Intrafund Transfers-Out	\$ 23,500	\$ 23,500	\$ -	\$ 23,500	\$ 12,000
REVENUE						
819900	PPP Loan Forgiveness Income	\$ -	\$ -	\$ 12,998	\$ (12,998)	\$ -
882000	Contributions, Gifts, Grants & Endwmnts	\$ 40,000	\$ 40,000	\$ 51,129	\$ (11,129)	\$ 42,500
886000	Interest and Investment Income	\$ 26,250	\$ 27,250	\$ 13,177	\$ 14,073	\$ 21,000
887000	Realized Gain/Loss on Investment	\$ -	\$ -	\$ 50,464	\$ (50,464)	\$ -
889000	Other Local Revenues	\$ 425	\$ 425	\$ 60	\$ 365	\$ 140
898200	Intrafund Transfer-In	\$ 121,179	\$ 121,936	\$ 103,091	\$ 18,180	\$ 136,000
898300	Other Transfer In	\$ 70,690	\$ 70,690	\$ 47,971	\$ 23,384	\$ 78,360
898300	Other Transfer In	\$ 123,000	\$ 123,000	\$ -	\$ 123,000	\$ 123,000
Revenue To		\$ 381,544	\$ 383,301	\$ 278,890	\$ 102,654	\$ 401,000
Expenditure		\$ 381,544	\$ 383,301	\$ 212,409	\$ 169,135	\$ 389,350
Report Total (of all records)		\$ -	\$ -	\$ 66,481	\$ (66,481)	\$ 11,650
Intra Fund Transfers-Out						
Annual Sch. Banquet Support		\$ 22,500	\$ -			\$ 12,000
		\$ 22,500	\$ -			\$ 12,000
Intra Fund Transfers-In						
Administration Fee @ 1.5%		\$ 82,500	\$ 80,578			\$ 95,000
President's Circle Fee @ 15%		\$ 15,000	\$ -			\$ 7,500
Unrestricted Endowment Proceeds		\$ 5,000	\$ 6,100			\$ 5,000
Hancock Promise Gift Fee @ 1.5%		\$ 7,500	\$ 8,782			\$ 7,500
Hansen Unrestricted Endowment		\$ 11,271	\$ 7,631			\$ 21,000
Other Transfer-In (District Support)		\$ 71,355	\$ 47,971			\$ 78,360
Other Transfer-In (District Support)		\$ 123,000	\$ -			\$ 123,000
		\$ 315,626	\$ 151,062			\$ 337,360

To: Finance Committees	ACTION
From: Jon Hooten Executive Director, College Advancement	April 7, 2021
Subject: Approval of Proposed 2021-2022 Foundation - Budget - All Funds	

BACKGROUND

Each year the foundation staff prepares a proposed 2021-2022 *Foundation Budget – All Funds* that encompasses all foundation funds—including operations, restricted, scholarship and endowments. The committee will review and approve the attached proposed budget.

RECOMMENDATION

Staff recommends approval of the fiscal year 2021-2022 *Foundation Budget – All Funds* as submitted to the Finance Committee, and will be forwarded to the Executive Committee and the full board for approval. Upon approval by the full board the budget will be submitted to the district.

Allan Hancock College Foundation
All Foundation Funds
Proposed Operating Budget and Budget for District
July 1, 2021 - June 30, 2022

Account Title	FY21 Gen Opr Budget	FY21 Rest. Sch & End. Budget	Approved FY21 Total Budget	Proposed FY22 Gen Opr Budget	Proposed FY22 Rest. Sch. & End Budget	FY22 Proposed Total Budget
EXPENDITURES						
Non Bargaining Unit	\$ 261,863	\$ -	\$ 261,863	\$ 265,000	\$ -	\$ 265,000
Classified Non Instr FICA-SocScty	\$ 16,235	\$ -	\$ 16,235	\$ 16,000	\$ -	\$ 16,000
Classified Non-Instr FICA-Medi	\$ 3,797	\$ -	\$ 3,797	\$ 3,800	\$ -	\$ 3,800
Classified Non Instr Health & Wlfr	\$ 1,200	\$ -	\$ 1,200	\$ 1,200	\$ -	\$ 1,200
Classified Non-Instr SUI	\$ 2,334	\$ -	\$ 2,334	\$ 1,700	\$ -	\$ 1,700
Classified ETT-Foundation	\$ 28	\$ -	\$ 28	\$ 50	\$ -	\$ 50
Classified Non Instr Workers Comp	\$ 2,050	\$ -	\$ 2,050	\$ 2,100	\$ -	\$ 2,100
Public Relations/Recognitions	\$ 500	\$ -	\$ 500	\$ 500	\$ -	\$ 500
Office/Operational Supplies	\$ 6,000	\$ 15,000	\$ 21,000	\$ 7,000	\$ 12,500	\$ 19,500
Non Instr Printing	\$ 8,000	\$ 9,500	\$ 17,500	\$ 8,000	\$ 5,500	\$ 13,500
Contest Prizes	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
Food - Business Meetings/Events	\$ 5,000	\$ 25,000	\$ 30,000	\$ 6,000	\$ 25,000	\$ 31,000
Indep Contractor (Individuals)	\$ 1,000	\$ 2,500	\$ 3,500	\$ 2,500	\$ 2,500	\$ 5,000
Service Contracts (Businesses)	\$ 3,500	\$ 5,000	\$ 8,500	\$ 3,500	\$ 5,000	\$ 8,500
Travel - All Travel Costs	\$ 2,000	\$ 4,500	\$ 6,500	\$ 6,500	\$ 4,000	\$ 10,500
On-Site Professional Dev/Webinars	\$ 2,000	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Foundation Community Activities	\$ 2,500	\$ 25,000	\$ 27,500	\$ 15,500	\$ 20,500	\$ 36,000
Dues & Memberships	\$ 2,000	\$ 1,350	\$ 3,350	\$ 2,500	\$ 2,000	\$ 4,500
Non-Tech Licenses,Permits,Fees	\$ 2,300	\$ 2,500	\$ 4,800	\$ 1,500	\$ 2,500	\$ 4,000
Facility Rental	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ 1,500	\$ 1,500
Software Mlce Agreement	\$ 20,000	\$ -	\$ 20,000	\$ 15,000	\$ 20,000	\$ 35,000
Equipment Rental	\$ 850	\$ 1,500	\$ 2,350	\$ 1,000	\$ 3,000	\$ 4,000
District/College Support	\$ -	\$ 650,000	\$ 650,000	\$ -	\$ 650,000	\$ 650,000
Postage/Express Services	\$ 4,250	\$ 1,500	\$ 5,750	\$ 3,500	\$ 1,500	\$ 5,000
Advertising	\$ 1,894	\$ 1,000	\$ 2,894	\$ 2,000	\$ 1,000	\$ 3,000
Bank Service Charges	\$ 4,000	\$ 2,500	\$ 6,500	\$ 4,000	\$ 1,500	\$ 5,500
Investment Brokerage Fees	\$ 6,000	\$ 165,000	\$ 171,000	\$ 5,000	\$ 170,000	\$ 175,000
PCPA/PCPA Fdtn. Support	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 76,000	\$ 76,000
Equipment	\$ 1,500	\$ 5,000	\$ 6,500	\$ 1,500	\$ 5,000	\$ 6,500
Student Assistance	\$ -	\$ 12,500	\$ 12,500	\$ -	\$ 20,000	\$ 20,000
Scholarship	\$ -	\$ 625,000	\$ 625,000	\$ -	\$ 625,000	\$ 625,000
Intrafund Transfers-Out	\$ 22,500	\$ 747,679	\$ 770,179	\$ 12,000	\$ 750,000	\$ 762,000
REVENUES						
Contributions,Gifts,Grants & End.	\$ 40,000	\$ 1,083,529	\$ 1,123,529	\$ 42,500	\$ 1,134,000	\$ 1,176,500
Interest and Investment Income	\$ 27,250	\$ 615,000	\$ 642,250	\$ 21,000	\$ 615,000	\$ 636,000
Realized/Unrealized Gain on Inv.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Revenues	\$ 425	\$ 6,000	\$ 6,425	\$ 140	\$ 6,000	\$ 6,140
Intrafund Transfer-In	\$ 121,271	\$ 650,000	\$ 771,271	\$ 136,000	\$ 650,000	\$ 786,000
Other Transfer-In	\$ 71,355	\$ -	\$ 71,355	\$ 78,360	\$ -	\$ 78,360
Other Transfer-In	\$ 123,000	\$ -	\$ 123,000	\$ 123,000	\$ -	\$ 123,000
Revenue Total	\$ 383,301	\$ 2,354,529	\$ 2,737,830	\$ 401,000	\$ 2,405,000	\$ 2,806,000
Expenditure Total	\$ 383,301	\$ 2,354,529	\$ 2,737,830	\$ 389,350	\$ 2,405,000	\$ 2,794,350
Report Total	\$ -	\$ -	\$ -	\$ 11,650	\$ -	\$ 11,650

General Operations
Approved FY21 Transfers-In

Administration Fee @ 1.5%	\$ 82,500
President's Circle Fee @ 15%	\$ 15,000
Unrestricted Endowment Proceeds	\$ 5,000
Hancock Promise Gift Fee @ 1.5%	\$ 7,500
Hansen Unrestricted End.	\$ 11,271
Other Transfer-In (District support)	\$ 71,355
Other Transfer-In (District support)	\$ 123,000
	<u>\$ 315,626</u>

General Operations
Proposed FY22 Transfers-In

Administration Fee @ 1.5%	\$ 95,000
President's Circle Fee @ 15%	\$ 7,500
Unrestricted Endowment Proceeds	\$ 5,000
Hancock Promise Gift Fee @ 1.5%	\$ 7,500
Hansen Unrestricted End.	\$ 21,000
Other Transfer-In (District support)	\$ 78,360
Other Transfer-In (District support)	\$ 123,000
	<u>\$ 337,360</u>

To: Finance Committees	ACTION
From: Jon Hooten Executive Director, College Advancement	April 7, 2021
Subject: Independent Auditor's Report for period ending June 30, 2020	

BACKGROUND

The practice of the foundation is an annual independent audit performed as a part of the college's annual audit in accordance with the standards and procedures developed by the California Community College Board of Governors and the State of California Department of Finance. The audit for the fiscal year ending June 30, 2020, was performed by representatives from CWDL, Certified Public Accountants. The audit and a copy of the management letter prepared by Ms. Laura Becker, AHC Director, Business Services are attached for the committee's review and approval.

RECOMMENDATION

Staff recommends approval of the audit for fiscal year 2019-2020 performed by CWDL, Certified Public Accountants as submitted to the Finance Committee, and will be forwarded to the Executive Committee and the full board for approval.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

June 30, 2020 and 2019



**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
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JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Allan Hancock College Foundation
Santa Maria, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Allan Hancock College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allan Hancock College Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made Accordingly* all contributions received have been reviewed and adjusted accordingly to adopt this standard. Our opinion is not modified with respect to this matter.

CWDL, Certified Public Accountants

CWDL Certified Public Accountants
San Diego, California
January 25, 2021

FINANCIAL STATEMENTS

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

	<u>2020</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,342,249
Accounts receivable	12,259
Accounts receivable - related party	17,636
Unconditional promises to give	204,228
Prepaid Expenses	<u>22,962</u>
Inventory	<u>1,780</u>
Total current assets	<u>2,601,114</u>
Noncurrent assets:	
Investments	26,757,459
Beneficial interest in assets held by the Foundation for California Community Colleges	145,588
Unconditional promises to give - net of amortized discount	<u>593,725</u>
Total noncurrent assets	<u>27,496,772</u>
Total assets	<u>\$ 30,097,886</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,203
Accounts payable - related party	77,717
Grant Liability	<u>12,998</u>
Total current liabilities	<u>93,918</u>
NET ASSETS	
Net assets without donor restrictions	1,447,975
Net assets with donor restrictions	<u>28,555,993</u>
Total net assets	<u>30,003,968</u>
Total liabilities and net assets	<u>\$ 30,097,886</u>

See accompanying notes to the financial statements

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

	<u>2019</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,768,852
Accounts receivable	19,635
Accounts receivable - related party	13,123
Unconditional promises to give	230,533
Inventory	2,580
Total current assets	<u>2,034,723</u>
Noncurrent assets:	
Investments	25,319,487
Beneficial interest in assets held by the Foundation for California Community Colleges	151,924
Unconditional promises to give - net of amortized discount	405,486
Total noncurrent assets	<u>25,876,897</u>
Total assets	<u>\$ 27,911,620</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,322
Accounts payable - related party	572,181
Total current liabilities	<u>577,503</u>
NET ASSETS	
Net assets without donor restrictions	1,095,964
Net assets with donor restrictions	26,238,153
Total net assets	<u>27,334,117</u>
Total liabilities and net assets	<u>\$ 27,911,620</u>

See accompanying notes to the financial statements

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2020**

Year Ended June 30, 2020	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 237,426	\$ 3,422,222	\$ 3,659,648
In-kind contributions	736	1,829	2,565
Net assets released from restriction	1,291,143	(1,291,143)	-
Total Support and Revenue	1,529,305	2,132,908	3,662,213
EXPENSES			
Program	1,189,536	-	1,189,536
Management and general	179,973	-	179,973
Total Expenses	1,369,509	-	1,369,509
Other Income			
Net realized gain (loss) on investments	6,029	178,496	184,525
Net unrealized gain (loss) on investments	(90,834)	(373,398)	(464,232)
Interest and dividends, net of fees	48,357	379,834	428,191
Subtotal Investment Income	(36,448)	184,932	148,484
Reimbursement to foundation	127,061	-	127,061
PPP Loan Forgiveness	48,752	-	48,752
Other transfers-In	52,850	-	52,850
Total Other Income	192,215	184,932	377,147
Change in Net Assets	352,011	2,317,840	2,669,851
Net Assets - Beginning of Year	1,095,964	26,238,153	27,334,117
Net Assets - End of Year	\$ 1,447,975	\$ 28,555,993	\$ 30,003,968

See accompanying notes to the financial statements

ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2019

Year Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 64,624	\$ 1,381,943	\$ 1,446,567
In-kind contributions	-	2,580	2,580
Other income	72,388	16,545	88,933
Net assets released from restriction	1,160,179	(1,160,179)	-
Total Support and Revenue	1,297,191	240,889	1,538,080
EXPENSES			
Program	1,276,119	-	1,276,119
Management and general	239,331	-	239,331
Total Expenses	1,515,450	-	1,515,450
Other Income			
Net realized gain (loss) on investments	140,824	444,455	585,279
Net unrealized gain (loss) on investments	(109,730)	65,931	(43,799)
Interest and dividends, net of fees	43,751	561,635	605,386
Subtotal Investment Income	74,845	1,072,021	1,146,866
Changes in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	37,327	37,327
Total Other Income	74,845	1,109,348	1,184,193
Change in Net Assets	(143,414)	1,350,237	1,206,823
Net Assets - Beginning of Year	1,239,378	24,887,916	26,127,294
Net Assets - End of Year	\$ 1,095,964	\$ 26,238,153	\$ 27,334,117

See accompanying notes to the financial statements

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

Year Ended June 30, 2019	Program	General and Administrative	Total
Scholarships	\$ 536,599	\$ -	\$ 536,599
Student assistance	59,055	-	59,055
Allan Hancock College support	116,703	-	116,703
PCPA/PCPA Foundation/Viticulture and Enology Foundation support	216,445	-	216,445
Salaries	125,286	122,631	247,917
Employee benefits	11,089	11,045	22,134
Supplies and materials	62,989	12,233	75,222
Contracted personal services	3,375	250	3,625
Travel and conferences	19,937	12,353	32,290
Memberships and permits	27,538	11,494	39,032
Postage	2,889	2,832	5,721
Advertising	4,240	4,130	8,370
Bank and brokerage charges	2,437	1,873	4,310
Building and equipment	954	1,132	2,086
Total	\$ 1,189,536	\$ 179,973	\$ 1,369,509

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

Year Ended June 30, 2019	Program	General and Administrative	Total
Scholarships	\$ 536,923	\$ -	\$ 536,923
Student assistance	6,200	-	6,200
Allan Hancock College support	241,462	-	241,462
PCPA/PCPA Foundation/Viticulture and Enology Foundation support	121,324	-	121,324
Salaries	120,244	134,652	254,896
Employee benefits	10,760	12,666	23,426
Supplies and Materials	106,341	14,167	120,508
Contracted personal services	19,181	5,058	24,239
Travel and conferences	69,038	65,223	134,261
Memberships and permits	28,432	516	28,948
Telephone	-	490	490
Postage	1,033	1,799	2,832
Advertising	8,265	2,317	10,582
Bank and brokerage charges	521	893	1,414
Miscellaneous expense	195	99	294
Building and equipment	6,200	1,451	7,651
Total	\$ 1,276,119	\$ 239,331	\$ 1,515,450

See accompanying notes to the financial statements

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

Year Ended June 30,	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,669,851	\$ 1,206,823
Reconciliation to net cash provided (used) by operating activities:		
Net unrealized loss on investments	464,232	43,799
Net realized gain on investments	(184,525)	(585,279)
Contributions restricted for long-term purposes	-	(309,839)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges		6,967
Change in beneficial interest in assets held by the Foundation for California Community Colleges	6,336	(37,327)
In kind contribution related to inventory	800	(2,580)
Effect on changes in:		
Unconditional promises to give	(161,934)	215,243
Accounts receivable	2,863	(7,260)
Prepaid expenses	(22,962)	-
Accounts payable	(496,583)	280,887
Net Cash Provided (Used) by Operating Activities	<u>2,278,078</u>	<u>811,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(10,753,650)	(10,608,820)
Proceeds from sale of investments	9,035,971	10,408,889
Net cash used in investing activities	<u>(1,717,679)</u>	<u>(199,931)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	-	309,839
PPP loan proceeds	12,998	-
Net cash used in financing activities	<u>12,998</u>	<u>309,839</u>
Net Increase (Decrease) in Cash and Cash Equivalents	573,397	921,342
Cash and Cash Equivalents - Beginning of Year	<u>1,768,852</u>	<u>847,510</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,342,249</u>	<u>\$ 1,768,852</u>

See accompanying notes to the financial statements

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Allan Hancock College Foundation (the Foundation) (a California nonprofit corporation) was incorporated in the State of California in 1977 as a nonprofit public benefit corporation. The Foundation was organized with the purpose of providing benefits to the educational programs and services of the Allan Hancock Joint Community College District (the District) and Allan Hancock College (the College).

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the College are financially interrelated organizations as defined by Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others. The Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Net Asset Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

Net Assets With Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Expenses

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as net assets without donor restrictions.

Donated Goods and Services

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements because the recognition criteria were not met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Current and Noncurrent Assets and Liabilities

The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal operations, to be converted to cash or liquidated within twelve months of the statement of financial position date to be current. All other assets and liabilities are considered noncurrent.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with original maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Foundation also maintains cash balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$250,000. At June 30, 2020, the Foundation had cash balances held in financial institutions in excess of FDIC in the amount of \$1,436,572.

Accounts Receivable

Accounts receivable consists primarily of interest and vendor receivables. Management has deemed all amounts as collectible; therefore, no allowance for doubtful accounts is considered necessary.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined all amounts to be collectible.

Beneficial Interest in Assets held by Community Foundation

During 2008, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. Variance power was granted to the CF which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the CF for the Foundation's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Inventory

Inventory is valued at the lower of cost or net realizable value. The cost of the inventory is equal to the fair value of the donated textbooks when the in-kind contribution was received.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income net of investment expenses and realized and unrealized capital gains and losses.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2020 was \$8,370.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income. The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken, or expected to be taken, on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements. The Foundation's Federal informational tax returns for the years ended June 30, 2017, 2018, and 2019 are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2017, 2018, and 2019, are open to audit by State authorities.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and benefits, which are allocated based on the employee's position within the Foundation.

Management Fee

Endowments received by the Foundation are subject to a 1.5 percent annual administrative fee of the value of the endowed asset. The fee will come from the interest earned off the endowment. The Foundation also assesses a 1.5 percent gift fee on Hancock Promise gifts. Revenues received from management fees are used by the Foundation on further advancement efforts on behalf of the Allan Hancock College.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the ASU 2018-08 apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

The Foundation has implemented the provisions of this ASU as of June 30, 2020, because management believes it improves the Foundation's financial reporting.

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Although the full impact of ASU 2016-02 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	\$ 2,342,249	\$ 1,768,852
Grants/pledges receivable	26,769,718	25,339,122
Beneficial interest in assets held by the Foundation for California Community Colleges	145,588	151,924
	-	405,486
Total financial assets, at year-end	<u>\$ 29,257,555</u>	<u>\$ 27,665,384</u>
Restrictions for specific purposes:		
Board designated	\$ 2,000,000	\$ 2,000,000
Donor designated	23,101,293	21,713,893
Total contractual or donor-imposed restrictions	<u>25,101,293</u>	<u>23,713,893</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 4,156,262</u>	<u>\$ 3,951,491</u>

A board designated endowment of \$3,058,804 is subject to an annual spending rate of up to 5.0 percent as described in Note 10. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, represent amounts owed by the Foundation as follows:

	2020	2019
Accrued interest	\$ 12,259	\$ 16,897
Miscellaneous	-	2,738
Pledges receivable, noncurrent	<u>\$ 12,259</u>	<u>\$ 19,635</u>

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

As of June 30, 2020 and 2019, the Foundation's unconditional promises to give are estimated to be collected as follows:

For the Year Ended June 30,	2020	2019
Due within one year	228,167	\$ 230,533
Due within one to five years	593,725	424,567
	821,892	655,100
Less discount (3% for 2020 and 2019 respectively) to net present value	(23,939)	(19,653)
Total	\$ 797,953	\$ 635,447

During the current fiscal year, management monitored and reviewed the uncollectible pledges. The uncollectible pledge write-off was \$0. Management has determined the amount of allowance for uncollectible promises to give at June 30, 2020, to be \$0. The discount rate used was three percent for 2020 and 2019, respectively. At June 30, 2020, one donor accounted for 73% of total unconditional promises to give.

NOTE 5 – INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2020 and 2019:

Year Ended June 30, 2020	Adjusted Cost	Fair Market Value	Unrealized Loss
Investments	\$ 27,221,691	\$ 26,757,459	\$ (464,232)
Beneficial Interest in assets held by the Foundation for California Community Colleges	145,588	145,588	-
Total	\$ 27,367,279	\$ 26,903,047	\$ (464,232)

Year Ended June 30, 2019	Adjusted Cost	Fair Market Value	Unrealized Loss
Investments	\$ 25,363,286	\$ 25,319,487	\$ (43,799)
Beneficial Interest in assets held by the Foundation for California Community Colleges	151,924	151,924	-
Total	\$ 25,515,210	\$ 25,471,411	\$ (43,799)

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 – INVESTMENTS (Continued)

Investment activity for the year ended June 30, 2020 and 2019:

Year Ended June 30, 2020	Without Donor		Total
	Restrictions	Restricted	
Net realized gain on investments	\$ 6,029	\$ 178,496	\$ 184,525
Net unrealized gain (loss) on investments	(90,834)	(373,398)	(464,232)
Interest and dividends	48,357	603,376	651,733
Total Investment Income	(36,448)	408,474	372,026
Investment Expenses	(14,264)	(209,278)	(223,542)
Total Investment Income, Net of Expenses	\$ (50,712)	\$ 199,196	\$ 148,484

Year Ended June 30, 2019	Without Donor		Total
	Restrictions	Restricted	
Net realized gain on investments	\$ 140,824	\$ 444,455	\$ 585,279
Net unrealized gain (loss) on investments	(109,730)	65,931	(43,799)
Interest and dividends	68,368	733,440	801,808
Total Investment Income	99,462	1,243,826	1,343,288
Investment Expenses	(24,617)	(171,805)	(196,422)
Total Investment Income, Net of Expenses	\$ 74,845	\$ 1,072,021	\$ 1,146,866

NOTE 6 – MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level I - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II - Observable inputs other than Level I prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**ALLAN HANCOCK COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair value of alternatives, private equity investments and real estate limited partnership investments, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

Year Ended June 30, 2020	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Assets					
Common Stock	\$ 14,273,070	\$ -	\$ -	\$ -	\$ 14,273,070
Corporate Bonds and notes	4,142,293	-	-	-	4,142,293
U.S. Government securities	613,703	-	-	-	613,703
Exchange traded funds	433,026	-	-	-	433,026
Commodities	-	-	-	902,646	902,646
Real Estate	-	-	-	503,070	503,070
Mutual Funds	5,889,651	-	-	-	5,889,651
Beneficial Interest in assets assets held by the Foundation for California Community Colleges	-	-	145,588	-	145,588
Total investment securities	\$ 25,351,742	\$ -	\$ 145,588	\$ 1,405,717	\$ 26,903,047

**ALLAN HANCOCK COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Year Ended June 30, 2019	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Assets					
Common Stock	\$ 14,421,961	\$ -	\$ -	\$ -	\$ 14,421,961
Corporate Bonds and notes	3,083,623	-	-	-	3,083,623
U.S. Government securities	905,839	-	-	-	905,839
Exchange traded funds	84,321	-	-	-	84,321
Commodities	-	-	-	566,848	566,848
Real Estate	-	-	-	244,264	244,264
Mutual Funds	6,012,631	-	-	-	6,012,631
Beneficial Interest in assets assets held by the Foundation for California Community Colleges			151,924		151,924
Total investment securities	\$ 24,508,375	\$ -	\$ 151,924	\$ 811,112	\$ 25,471,411

NOTE 7 – BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES-OSHER ENDOWMENT SCHOLARSHIP

The Foundation participated in the Foundation for California Community Colleges (FCCC) Osher Scholarship Challenge. This program challenged community colleges and their related foundations to raise additional contributions to be designated as part of a permanent endowment for the FCCC's Osher Scholarship Endowment. Foundations participating in this challenge campaign are guaranteed scholarship monies for qualifying students of the community college district. The Foundation raised \$100,000 toward this challenge campaign. At June 30, 2020, \$145,588 is held as net assets with donor restrictions and is held with the FCCC. A total of \$7,600 was received during the year and made available for scholarships as qualifying students are identified. The Foundation receives no additional interest or dividends on the balance held at FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Scholarship Endowment must be left in the fund permanently and cannot be returned or used for other purposes.

NOTE 8 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2020 and 2019, represent amounts owed by the Foundation as follows:

For the Year Ended June 30,	2020	2019
Vendor Payables	\$ 80,873	\$ 5,295
Sales tax payables	47	27
Total Payables	\$ 80,920	\$ 5,322

**ALLAN HANCOCK COLLEGE FOUNDATION
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NOTE 9 – RESTRICTIONS ON NET ASSETS

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2020 and 2019:

For the Year Ended June 30,	2020	2019
Various donor restricted funds related to educational programs	\$ 16,298,770	\$ 13,733,032
Scholarships	1,140,181	2,280,906
Endowments - accumulated and unspent earnings	3,701,424	3,608,875
Total	<u>\$ 21,140,375</u>	<u>\$ 19,622,813</u>

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2020 and 2019:

For the Year Ended June 30,	2020	2019
Osher endowment	\$ 145,588	\$ 151,924
Endowments related to scholarships	7,270,030	6,463,416
Total	<u>\$ 7,415,618</u>	<u>\$ 6,615,340</u>

NOTE 10 - ENDOWMENTS

The Foundation's endowment consists of 108 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds that the Foundation must hold in perpetuity, or for a donor-specified period, as well as funds designated by the Board of Directors to function as endowments (funds designated). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated consist of non-endowed, donor-restricted gifts that are unable to be spent in the near term and have been designated by the Board of Directors to be treated as endowments.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**ALLAN HANCOCK COLLEGE FOUNDATION
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JUNE 30, 2020**

NOTE 10 – ENDOWMENTS (Continued)

As of June 30, 2020 and 2019, endowment net assets were composed of the following:

Year Ending June 30, 2020	Without Donor Restrictions	With Donor Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	\$ -	\$ 23,125,317	\$ 23,125,317
Board-designated endowment funds	1,058,804	2,000,000	3,058,804
Total	\$ 1,058,804	\$ 25,125,317	\$ 26,184,121

Year Ending June 30, 2019	Without Donor Restrictions	With Donor Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	\$ -	\$ 21,713,893	\$ 21,713,893
Board-designated endowment funds	940,869	2,000,000	2,940,869
Total	\$ 940,869	\$ 23,713,893	\$ 24,654,762

Changes in endowment net assets for the year ended June 30, 2020 and 2019 are as follows:

Year Ended June 30, 2020	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 940,869	\$ 23,713,893	\$ 24,654,762
Investment income, net of fees	(40,370)	214,491	174,121
Management services fees	(2,746)	(104,057)	(106,803)
Contributions	172,322	260,596	432,918
Amounts appropriated for expenditures	(11,271)	(339,201)	(350,472)
Other Changes	-	1,379,595	1,379,595
Endowment net assets, end of year	\$ 1,058,804	\$ 25,125,317	\$ 26,184,121

Year Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,098,578	\$ 22,415,133	\$ 23,513,711
Investment income, net of fees	37,277	1,071,869	1,109,146
Management services fees	(3,314)	(84,580)	(87,894)
Contributions	-	309,839	309,839
Amounts appropriated for expenditures	(191,672)	(70,039)	(261,711)
Other Changes	-	71,671	71,671
Endowment net assets, end of year	\$ 940,869	\$ 23,713,893	\$ 24,654,762

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 – ENDOWMENTS (Continued)

Funds With Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor of the UPMIFA required the Foundation to retain as a fund of perpetual duration ("below water endowments"). In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature reported as of June 30, 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-specified as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of indices of similar style funds (e.g. Standard and Poor's 500, Russell 3000, etc.) and/or comparable benchmarks.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has an endowment funding policy that establishes the procedure to set the annual distribution amount for each endowment fund. The policy takes into consideration the Foundation's long-term investment objectives and specifies that if the endowment value is between 100 percent and 129 percent of its corpus value, up to 5 percent of the value may be spent. If the endowment value is less than its corpus value, no distribution may be made for that year. If the endowment value is above 129 percent of its corpus value, the Board may take action to approve a distribution in excess of 5 percent, but not to cause the endowment value to fall below 124 percent of the corpus value. In addition, this policy provides that a donor or the Foundation Board may designate an endowment as a quasi-endowment so that all of the income and corpus can be spent to fulfill the purpose of the endowment.

**ALLAN HANCOCK COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - RELATED PARTY TRANSACTIONS

Allan Hancock Joint Community College District

Allan Hancock Joint Community College District (the District) charges administrative services to the Foundation. Grant distributions and the Hancock Promise are paid by the District and reimbursed by the Foundation. Accordingly, at June 30, 2020, the Foundation owed the District \$74,317 for all services. The Foundation bills the District for salaries and benefits for foundation staff that also work on behalf of the District. Accordingly, at June 30, 2020, the District owed the Foundation \$17,636 for all services.

NOTE 12 - SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions from June 30, 2020 through January 25, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.



January 25, 2021

CWDL Certified Public Accountants
5151 Murphy Canyon Road Suite 135
San Diego, California 92123

This representation letter is provided in connection with your audit of the financial statements of Allan Hancock Foundation which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 25, 2021, the following representations made to you during your audit.

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 5) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 7) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

- 11) As part of your audit, you assisted with the preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

Information Provided

- 12) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
- e) Management,
 - f) Employees who have significant roles in internal control, or
 - g) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
- 20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) The Allan Hancock Foundation is an exempt organization under Sections 509(a)(1), 501(a), and 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 26) We acknowledge our responsibility for presenting the Schedule of Expenditures of Federal Awards and the related notes to the supplementary information in accordance with U.S. GAAP, and we believe the Schedule of Expenditures of Federal Awards and the related notes to the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedule of Federal Awards and the related notes to the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 27) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Signature: 

Title: Director, Business Services

To: Finance Committee	INFORMATION
From: Jon Hooten Executive Director, College Advancement	April 7, 2021
Subject: Paycheck Protection Program Loan Forgiveness	

BACKGROUND

In April 2020, the Foundation was eligible and approved to receive a Payroll Protection Program loan issued by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The \$61,750 loan was obtained through Mechanics Bank and forgivable provided the loan was used for costs including employee compensation, employer contributions for health insurance, employer contributions for employee retirement plans, and employer state and local taxes assessed on employee compensation. In March 2021, a PPP Loan Forgiveness application was submitted and has been approved. Attached is a copy of Mechanics Bank approval letter forgiving the Foundation's PPP loan in the amount of \$61,750 for principal and \$537.98 for accrued interest.

March 11, 2021

Allan Hancock College Foundation
800 S COLLEGE DR
SANTA MARIA, CA 93456

Regarding: Approval of Application for Forgiveness of your Paycheck Protection Program Loan

Loan Number: 700000099352

Original Principal Balance of Loan: \$61,750.00

Requested Forgiveness Amount: \$61,750.00

Approved Forgiveness Amount: \$61,750.00 for principal, plus \$537.98 for accrued interest

Dear **Borrower**:

You obtained the loan described above ("Loan") from Mechanics Bank ("Lender") made under the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA").

In connection with the Loan, the Lender received an application for forgiveness ("Forgiveness Application") as well as the required supporting documentation for the Forgiveness Application, requesting that the Requested Forgiveness Amount (indicated above) of the Loan be forgiven.

This letter is to inform you that your Forgiveness Application was reviewed by the Lender and the SBA, and your request for forgiveness of the Requested Forgiveness Amount has been **approved in full** and disbursed to us by the SBA on 3/8/2021. Congratulations! The SBA has also remitted the forgiven amount (which includes principal plus accrued interest on the forgiven principal) to the Lender which has been applied to your Loan. See the "Approved Forgiveness Amount" above for the amount of principal and accrued interest forgiven by the SBA.

Since your Loan, including principal and accrued interest, has been forgiven in full there is no balance owed on the Loan. Thus, the Lender will be closing your Loan and there is nothing more for you to do at this time.

Please note that while the SBA has notified the Lender that your Forgiveness Application for the specified amount has been approved in full, the SBA reserves the right to at any time re-review your PPP Loan, including your eligibility for the PPP Loan, the amount of the Loan and the claimed loan forgiveness amount, and the SBA may take certain actions the SBA deems appropriate.

(continued)

NOTE: You may be able to appeal certain decisions made by the SBA regarding your Loan if such an appeal is permitted under the SBA's interim final rule entitled "*Appeals of SBA Loan Review Decisions Under the Paycheck Protection Program*" (as may be amended, modified, or supplemented) which may be available at the SBA's website at www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program (the "SBA Appeal Rules"). The SBA Appeal Rules provide that appeals may be made of the SBA's decisions regarding eligibility for a PPP loan and eligibility for the amount of the loan, the use of the proceeds of a PPP loan, and certain decisions regarding forgiveness of a PPP loan. If you would like to appeal any of the SBA's decisions regarding your Loan, you should review the SBA Appeal Rules carefully and if the decision is appealable under those rules then, in accordance with those rules, you should submit the appeal directly to the SBA within 30 calendar days after you are notified of the SBA's decision (which for appeals of decisions regarding forgiveness of your Loan, if applicable, is when this letter is provided to you).

Should you have any questions about the above, or about any other matters related to your Loan, please do not hesitate to contact us at 800.797.6324.

Sincerely,

Mechanics Bank

To: Finance Committee	INFORMATION
From: Jon Hooten Executive Director, College Advancement	April 7, 2021
Subject: Discussion of Investment Annual Review	

BACKGROUND

At the Finance Committee meeting held on Wednesday, March 31, 2021, the committee reviewed 2020 annual reports presented by investment advisors from Santa Barbara Foundation, Northern Trust, Morgan Stanley, Monarch Wealth Management and Mechanics Wealth Management. Northern Trust advisor, Mr. Louis Pisacane, recommended providing an analysis of all Foundation's investments to compare allocations, risks and brokerage fees for the committee's review.

The committee will discuss the review and may make recommendations based on the advisor's annual reports.

To: Finance Committee	INFORMATION April 7, 2021
From: Jon Hooten Executive Director, College Advancement	
Subject: Discussion of Moving Scholarship Funding from Investments to Active Assets	

BACKGROUND

The board has approved the endowed scholarship and program funding for 2021. The proceeds have been book transferred to scholarship and program funds. The scholarships will be awarded to students in August provided requirements are met. The committee will discuss moving the funding from investments held at Morgan Stanley and Monarch Wealth Strategies to Morgan Stanley Active Assets account.