



Executive Committee Meeting

March 22, 2022 ~ 3:30 - 5:00 PM
2354 Garden Road, Monterey, CA 93940
Zoom Meeting
AGENDA

- | | |
|---|------|
| 1. Call to Order – Kirk Gafill for Teri Belli | 3:30 |
| 2. Approval of Minutes <ul style="list-style-type: none">• November 23, 2021 (3 - 5) | |
| 3. Chair Report – Kirk Gafill for Teri Belli <ul style="list-style-type: none">• Return to in-person committee meetings | 3:35 |
| 4. Treasurer's Report – Dan Baldwin for Jan Vanderbilt <ul style="list-style-type: none">• February Financials (6 - 15)• 2022 Outlook• Audit update – Kim Drabner | 3:45 |
| 5. Investment Committee – Giff Lehman <ul style="list-style-type: none">• 2022 Outlook | 3:55 |
| 6. Philanthropic Services Committee – Betsey Pearson <ul style="list-style-type: none">• 2022 Outlook | 4:00 |
| 7. Community Impact Committee – Adriana Melgoza <ul style="list-style-type: none">• Grant approvals (if needed)• 2022 Outlook | 4:05 |
| 8. Community Impact Investment Committee – Nolan Kennedy <ul style="list-style-type: none">• 2022 Outlook | 4:15 |
| 9. Governance Committee – Elsa Mendoza Jimenez <ul style="list-style-type: none">• 2022 Outlook | 4:25 |
| 10. New Funds | 4:35 |
| <u>Agency Endowment Fund</u> <ul style="list-style-type: none">• AMENDED- Community Homeless Solutions Endowment Fund | |
| <u>Agency Stewardship Fund</u> <ul style="list-style-type: none">• AMENDED- Community Homeless Solutions Stewardship Fund | |

Mission Statement

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

Strategic Priorities

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

Non-Endowed Donor Advised Fund

- Perry and Barbara Miller Family Foundation Fund

Endowed Scholarship Funds

- Daphne and Stuart Wells Public Service Scholarship Fund

Charitable Gift Annuity – Christine Dawson

- Sandra Forman Charitable Gift Annuity **(16 - 20)**

11. President/CEO Report –Dan Baldwin 4:45

- Resolution for Accreditation **(21)**
- Advocacy: Endorsement Request **(22 - 27)**

Closed Session 4:55

Adjourn

Meeting of the Executive Committee
Zoom Meeting
Tuesday, November 23, 2021
MINUTES

Committee Members Present: Teri Belli, Betsy Buchalter Adler, Jan Vanderbilt, Kirk Gafill, Betsey Pearson, Birt Johnson, and Nolan Kennedy

Board Members Absent: Giff Lehman

A quorum was established.

CFMC Staff Present: Dan Baldwin, Christine Dawson, Kim Drabner, Maria Hauman, Laurel Lee-Alexander and Chalet Booker

CALL TO ORDER – Teri Belli

Chair Teri Belli called the Zoom meeting of the Executive Committee of the Community Foundation for Monterey County to order at 3:30 pm on November 23, 2021.

APPROVAL OF MINUTES

Motion: To approve September 28, 2021 minutes as written. Nolan Kennedy/ Birt Johnson, second. Motion carried unanimously.

REPORT OF THE CHAIR – Teri Belli

Terri Belli announced that due to the ongoing county restrictions, the December board meeting will be held via zoom, and, based on comments during the September meeting regarding a zoom holiday party, the holiday reception will be not be held.

Terri Belli asked all continuing board members to hold January 22nd from 8:30am-1:30pm for the board retreat. She will provide more information about timing and location status. Terri Belli asked for all board members to provide any suggested topics for the board retreat.

Terri Belli announced that the 2022 meeting dates are on the board portal for review. Dan Baldwin mentioned that any meeting is subject to change.

TREASURERS REPORT– Jan Vanderbilt

Jan Vanderbilt announced that the finance committee passed a motion to send the budget to the Executive Committee for approval. Dan Baldwin reviewed the highlights of the budget that was emailed to the committee prior to the meeting.

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Motion: Executive Committee to approve budget as presented today. Jan Vanderbilt / Birt Johnson second. Nolan Kennedy suggested an amendment to the motion to have the Executive Committee recommend to the Board that the Board approves the budget. Dan Baldwin and Birt Johnson agreed. Motion carried unanimously.

INVESTMENT COMMITTEE – Dan Baldwin for Giff Lehman

Dan Baldwin presented the Investment Committee's recommendation to maintain the payout rate at 4.25 percent from endowed funds in 2022. If approved by the Executive Committee, it will be presented to the Board.

Motion: Recommend to the Board to maintain the payout rate at 4.25 percent for endowed funds in 2022. Kirk Gafill / Birt Johnson second. Nolan Kennedy abstained. Motion carried.

COMMUNITY IMPACT COMMITTEE – Betsy Buchalter Adler

Betsy Buchalter Adler mentioned no grants need approval at this time.

COMMUNITY IMPACT INVESTMENT COMMITTEE – Nolan Kennedy

Nolan Kennedy discussed the due diligence report, pointing out the highest impact loans which focus on the Community Foundation for Monterey County's mission. At its November 9 meeting, the Community Impact Investment Committee was presented with a proposal for a loan. The Committee felt they needed more time to discuss the proposal, and possible modifications to the Community Impact Investment Policy Statement, so the Committee set a second meeting after Thanksgiving. Birt Johnson congratulated the committee on their work.

GOVERNANCE COMMITTEE – Birt Johnson

Birt Johnson announced that the following board candidates have accepted an offer to join the board effective January 1, 2022: CPA, Jesse Lopez; Advocacy, Rene Mendez; and, Community and Diversity, Larry Oda and Lynelle Sanchez.

Birt Johnson mentioned that the committee has a strong list for future candidates.

Birt Johnson went on to announce two current board members are completing their last year of their first term in December, Elsa Mendoza Jimenez and Giff Lehman. Both members expressed their interest in serving a second term.

Birt Johnson announced the officer slate for 2022: Chair, Teri Belli; Vice Chair, Kirk Gafill; Treasurer, Jan Vanderbilt; and, Secretary, Loren Steck.

These recommendations will be submitted for approval at the December board meeting.

Motion: Recommend to the Board the new board members, existing board members for second term, and 2022 officers. Birt Johnson / Betsey Pearson second. Motion carried unanimously.

NEW FUNDS – Dan Baldwin

Dan Baldwin explained the Community Foundation's involvement with the Gonzales Community Center Capital Campaign.

Dan Baldwin discussed that fund development work is very busy and will continue to be so through the end of the year.

PRESIDENT/CEO REPORT - Dan Baldwin

Dan Baldwin acknowledged that the 2022 Goals will be covered in the closed session.

Dan Baldwin updated the committee on the status of MC GIVES noting that it is off to a good start and mentioned a large addition to the match fund. He discussed the workload impact it has on the staff but reminded the Committee that the exposure for the Community Foundation for Monterey County makes it a worthwhile investment of time and effort.

Dan Baldwin explained the differences in the current hiring environment and as a result the Community Foundation for Monterey County has two contracts with a firm to do a staff compensation analysis. One contract is to review the CEO compensation and one is for the rest of the staff. Kirk Gafill asked whether the firm has separate staff on each of the contracts. Dan Baldwin responded that there is some overlap but some difference.

Meeting adjourned: 4:35 pm
Committee went into closed session.
Next Meeting: Tuesday, March 22, 2022

Minutes prepared by Maria Hauman, Director of Operations



Here for Good

Community Foundation
for Monterey County

FINANCIAL STATEMENT

For the Two Months Ended February 28, 2022

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
FINANCIAL REPORTS
For the Two Months Ended February 28, 2022**

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COMMUNITY FOUNDATION FOR MONTEREY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Two Months Ended February 28, 2022

Assets

Total Assets through 2/28/2022 are \$358,398,774 a 4.17% increase since February 2021 and a 7.31% decrease since December 2021. The beginning net assets for February 2022 have been corrected to reflect audit adjustments made to the December 31, 2021 ending balance. (p. 4)

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

The CRT and CGA funds have been adjusted to reflect the activity and balances per Kaspick & Company and the third-party account balances as of December 31, 2021. (p. 3)

Realized and Unrealized Gains and Losses on Investments

Net year-to-date realized gains were \$1,026, and unrealized losses were \$18,535,495, for a total loss of \$18,534,469. (p. 6)

Operating Fund

Total revenue was \$1,577 more than the budget, and total expenses were \$106,144 less than the budget. Unrealized losses were \$36,555 on the operating reserve held in the Medium-Term Fund portfolio. The actual net operating deficit is \$605,871 compared to a budgeted deficit of \$676,980. (p. 7)

Note: The Expendable Operating Cash-on-Hand is at 12.3 months, excluding the operating reserve of \$500,000 and the building reserve of \$150,000. (p. 8)

Portfolio Performance

The market value of the Long-Term Fund portfolio at 2/28/2022 was \$297,782,523. The one-year Total Return for the Long-Term Endowment Portfolio was 4.6% compared to the Policy Index of 5.7%.

The market value of the Medium-Term Fund portfolio at 2/28/2022 was \$9,660,443. The one-year Total Return for the Medium-Term Endowment Portfolio was -0.7% compared to the Policy Index of 0.7%.

The market value of the ESG Fund portfolio at 2/28/2022 was \$6,364,368. The one-year Total Return for the ESG Portfolio was 4.1% compared to the Policy Index of 4.0%.

The market value of the DRIM Fund portfolio at 2/28/2022 was \$3,010,601. The one-year Total Return for the DRIM Portfolio was 2.2% compared to the Policy Index of 14.7%. Due to the timing of the DRIM reports, there is a one-month lag in the performance reporting.

Special Program Funds

Special Program Funds include: Center for Nonprofit Excellence funded by the David and Lucile Packard Foundation; the College Futures Foundation program, funded by the College Futures Foundation; the Salinas Leadership project, funded by the James Irvine Foundation; and the Monterey County Gives annual campaign.

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Two Months Ended February 28, 2022**

Total Special Program revenue was \$37,527 and total expenses were \$9,941,985. This includes grant expense of \$9,493,617 for the 2021 Monterey County Gives campaign. (p. 5-6)

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

Total new contributions for the month were \$337,506, including:

Mr. & Mrs. Robert S. and JoAnna Behl	2/3/2022	63,000	College Futures Monterey County Fund
Gateway Center of Monterey County Inc.	2/3/2022	80,000	Gateway Center Mary Lou Cortright Legacy Fund
California Rodeo, Inc.	2/11/2022	30,000	California Rodeo Salinas Scholarship Fund

Contribution/Bequest Receivables

No payments on receivables were recorded during February 2022.

Grants to agencies for the month totaling \$10,137,516 were approved and recorded. This includes the grants for the 2021 Monterey County Gives campaign.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2022 and February 28, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2022</u>	<u>TOTAL February 28, 2021</u>
ASSETS							
Cash:							
Cash & Cash Equivalents	3,281,702	3,009,044	3,441	4,232,656	0	10,526,843	10,460,030
Investments - Long Term Fund Portfolio	0	0	201,290,202	96,492,321	0	297,782,523	285,330,397
Investments - Medium Term Fund Portfolio	693,584	0	0	8,966,858	0	9,660,443	8,934,637
Investments - ESG Fund Portfolio	0	0	3,630,443	2,733,924	0	6,364,368	4,507,262
Separately Invested - DRIM Portfolio	0	0	0	3,010,601	0	3,010,601	2,523,741
Separately Invested - Pony Trust	0	308,669	0	0	0	308,669	326,609
Total Cash & Investments	3,975,286	3,317,713	204,924,087	115,436,361	0	327,653,446	312,082,677
Accounts Receivable:							
Pledges & Contributions Receivable	218,352	0	0	4,500	0	222,852	16,750
Bequests & Remainder Interest	0	0	0	0	0	0	0
Due from OPER	0	0	1,036,387	0	0	1,036,387	1,111,352
Investment in an LLC	0	0	0	0	0	0	1,837,500
Charitable Remainder Trusts	0	0	0	0	23,066,109	23,066,109	22,767,107
Charitable Gift Annuities	0	0	0	0	4,590,276	4,590,276	4,380,833
Total Accounts Receivable	218,352	0	1,036,387	4,500	27,656,385	28,915,624	30,113,543
Other Assets:							
Prepaid Expenses	5,500	0	0	0	0	5,500	7,344
Property-Net of Depreciation	1,824,203	0	0	0	0	1,824,203	1,863,175
Total Other Assets	1,829,703	0	0	0	0	1,829,703	1,870,519
TOTAL ASSETS	6,023,341	3,317,713	205,960,474	115,440,861	27,656,385	358,398,774	344,066,738

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2022 and February 28, 2021

	COMBINED OPERATING	SPECIAL PROGRAMS	ENDOWMENT	NON ENDOWED	BEQUEST, CRT RECEIVABLES	TOTAL February 28, 2022	TOTAL February 28, 2021
LIABILITIES & NET ASSETS							
Liabilities:							
Grants Payable	0	1,084,210	390,600	443,646	0	1,918,456	1,359,437
Contingent Liabilities	0	0	0	0	0	0	15,800,949
Funds held as Agency Endowments	0	0	0	0	0	0	7,298,606
Funds held as Stewardship Funds	0	0	0	0	0	0	48,980,877
Payroll, Misc. and Accts Payable	1,240,739	1,981	8,371,490	56,449,929	15,345,401	81,409,541	1,671,514
Total Liabilities	1,240,739	1,086,190	8,762,090	56,893,575	15,345,401	83,327,996	75,111,383
Net Assets:							
Net Assets-Beginning Balance	5,388,473	12,147,613	209,105,934	64,245,878	12,322,224	303,210,122	271,914,234
Change in Net Assets -							
Current Year	(605,871)	(9,916,091)	(11,907,551)	(5,698,593)	(11,240)	(28,139,344)	(2,958,878)
Total Net Assets	4,782,602	2,231,522	197,198,384	58,547,286	12,310,984	275,070,777	268,955,356
TOTAL LIABILITIES & NET ASSETS	6,023,341	3,317,713	205,960,474	115,440,861	27,656,385	358,398,774	344,066,738

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2022 and February 28, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2022</u>	<u>TOTAL February 28, 2021</u>
SUPPORT AND REVENUE:							
Contributions	7,569	36,073	259,054	1,568,094	0	1,870,790	1,739,685
Interfund Gifts	0	0	11,396	11,396	0	22,793	242,030
Pledge Payments Received	0	0	0	0	0	0	13,384
Future Contributions-A/R-Pledge-CRT-CGA	0	0	0	0	0	0	0
Contributions Received via Bequest	2	0	0	0	0	2	2,482,668
Change in Value, Split Interest Trusts, Future Assets	0	0	0	0	0	0	1,532,685
Gain/Loss on Sale of Property	0	0	0	0	0	0	0
Income from Related Party (LLC)	0	0	0	0	0	0	0
Interest & Dividend Income	1,758	1,454	155,302	84,111	0	242,625	221,672
Administrative Fees	20,488	0	0	0	0	20,488	1,132
Fees from Special Projects	18,720	0	0	0	0	18,720	0
Workshop and Contract Service Income	23,260	0	0	0	0	23,260	550
Misc Income/Returned Grants	0	0	0	2,500	0	2,500	13
Total Support and Revenue	71,797	37,527	425,752	1,666,101	0	2,201,177	6,233,820
EXPENSES:							
Operating Expenses and Distributions:							
Salaries & Benefits	420,060	10,415	0	0	0	430,475	394,287
Administrative Costs	175,815	152,135	0	2,889	0	330,839	195,599
Occupancy Costs	33,560	0	0	0	0	33,560	19,388
Development Expenses	11,422	8,190	0	0	0	19,612	18,644
Board & Committee Expenses	198	0	0	0	0	198	108
Total Operating Expenses	641,056	170,740	0	2,889	0	814,685	628,026

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Two Months Ended February 28, 2022 and February 28, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL February 28, 2022</u>	<u>TOTAL February 28, 2021</u>
Grants and Grant Related Expenses:							
Grants	0	9,745,824	372,000	753,110	0	10,870,934	11,892,642
Interfund Grants	0	2,793	0	20,000	0	22,793	242,030
Pledge Payments Paid	0	0	0	0	0	0	13,384
Bequests Payments/Transfers	0	0	0	0	0	0	2,482,668
Other Expenses	0	22,307	0	0	0	22,307	27,725
Other Payments/Transfers	0	0	3,465	(3,465)	0	0	0
Grant Related Expenses	0	0	0	0	0	0	0
Administrative Fees	0	322	1	8,926	11,240	20,488	975
Fees to Managers	57	0	36,500	18,289	0	54,847	52,455
Total Grants and Grant Related Expenses	57	9,771,245	411,966	796,860	11,240	10,991,368	14,711,880
Total Expenses and Grants	641,113	9,941,985	411,966	799,749	11,240	11,806,053	15,339,906
Excess of Revenues (Expenses)							
Before Gains on Investments & Transfers	(569,316)	(9,904,458)	13,786	866,352	(11,240)	(9,604,875)	(9,106,086)
GAINS(LOSS) ON INVESTMENTS and Other Income:							
Realized-Gain (Loss)	0	0	0	1,026	0	1,026	1,721
Unrealized-Gain(Loss)	(36,555)	(11,633)	(11,921,337)	(6,565,970)	0	(18,535,495)	6,145,487
Other Income	0	0	0	0	0	0	
Total Gain/(Loss) on Investments and Other Income:	(36,555)	(11,633)	(11,921,337)	(6,564,944)	0	(18,534,469)	6,147,208
Change in Net Assets	(605,871)	(9,916,091)	(11,907,551)	(5,698,593)	(11,240)	(28,139,344)	(2,958,878)
Net Assets Beginning of Year	5,388,473	12,147,613	209,105,934	64,245,878	12,322,224	303,210,122	271,914,234
Net Assets, End of Period	4,782,602	2,231,522	197,198,384	58,547,286	12,310,984	275,070,777	268,955,356

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

For the Two Months Ended February 28, 2022 and February 28, 2021

	Year-To-Date			YTD Actual 2/28/2021
	Actual	Budget	Variance	
REVENUE				
Contributions - Foundations	6,239	4,000	2,239	7,467
Contributions - Indiv/Corp	1,330	0	1,330	11,645
Contributions - Interfund	0	0	0	0
Bequests Received	2	8,084	(8,082)	49,653
Admin Fees	20,488	14,500	5,988	1,132
Special Project Fees	18,720	18,720	0	0
Workshops/Contracts	23,260	18,000	5,260	550
Miscellaneous Income	0	5,500	(5,500)	13
Interest and Dividends	1,758	1,416	342	1,116
Total Revenue	71,797	70,220	1,577	71,576
EXPENSE				
Personnel				
Salaries and Wages	322,745	372,952	(50,207)	293,159
Payroll Taxes	31,797	34,844	(3,047)	21,733
Insurance and Other Benefits	65,519	90,894	(25,375)	79,395
Sub-total	420,060	498,690	(78,630)	394,287
Administrative				
Supplies	5,056	3,500	1,556	1,372
Equip / Computer Maintenance	18,646	28,214	(9,569)	8,057
Bank Charges	2,506	1,166	1,340	4,946
Printing	0	4,000	(4,000)	3,415
Postage / Freight	6,185	5,050	1,135	11,330
Dues/Subscriptions	26,001	25,081	920	20,466
Services (legal, acct, consult)	84,123	74,136	9,987	41,996
D&O Insurance	6,160	12,500	(6,340)	0
Telecommunications	8,830	9,886	(1,056)	7,517
Conferences & Training	3,180	6,534	(3,354)	400
Miscellaneous	31	1,426	(1,395)	1,800
Depreciation	15,098	15,098	0	13,282
Sub-total	175,815	186,591	(10,776)	114,582
Facilities				
Property / Liability Insurance	7,901	11,925	(4,024)	0
Maintenance / Repairs	85	4,230	(4,145)	781
Janitorial & Landscaping	3,590	4,050	(460)	3,345
Rent	6,577	9,378	(2,801)	2,106
Mortgage, Interest & Property Taxes	6,975	7,260	(285)	7,490
Utilities	8,432	5,334	3,098	5,667
Sub-total	33,560	42,177	(8,617)	19,388
Development, Program & Staff				
Donor Development	2,838	5,050	(2,212)	7,332
Advertising & Promotion	5,399	7,240	(1,841)	4,449
Mileage, Meals & Meetings	160	1,112	(952)	0
Workshops	69	3,140	(3,071)	0
Annual Meetings	0	0	0	0
75th Anniversary Expenses	0	0	0	0
Annual Report	0	0	0	0
Staff Recognition Expenses	2,956	2,850	106	813
Board & Committee Expenses	198	350	(152)	108
Sub-total	11,620	19,742	(8,122)	12,702
Total Expenses	641,056	747,200	(106,144)	540,959
Net Income / (Loss) Before Investment Returns and Other Income	(569,259)	(676,980)	107,721	(469,383)
Realized Gains/(Losses)	0	0	0	(2,041)
Unrealized Gains/(Losses)	(36,555)	0	(36,555)	0
Other Income	0	0	0	0
Investment Management Fee	57	0	57	60
Net Income / (Loss) Including Investment Returns	(605,871)	(676,980)	71,109	(471,484)

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
Operating Cash on Hand and Reserves - February 2022
With Projections through May 2022

Operating Cash on Hand:

Cash & Cash Equivalents	3,975,286
Less: Liabilities, excluding future period loan payments	309,972
Total Cash Available	3,665,314

Add: Accounts Receivable	
Prepaid Expenses	5,500
Total Accounts Receivable and Prepaid Expenses	5,500

Total Cash Expendable **3,670,814**

Restrictions on cash available

Less: Building Reserve	(150,000)
Less: Board Restricted Operating Reserve	(500,000)
Total Restricted Cash	(650,000)

Unrestricted cash available **3,020,814**

<i>Estimated revenue-Next Quarter</i>	1,213,008
<i>Estimated spending-Next Quarter</i>	469,541

Estimated unrestricted cash remaining **4,703,363**

BUDGET

Notes:

	<u>2022</u>
Annual Expenses excluding depreciation	4,497,221
Capital Expenses-Depreciation	90,583
Total Cash needs	4,587,804

(1) One month reserve	382,317
(2) Six-month reserve	2,293,902
(3) Number of months of expendable cash on hand	12.3

Summary of Benefits

6.2% Charitable Gift Annuity

ASSUMPTIONS:

Annuitant Age	[5/11/1943] 79
Date of Gift	3/14/2022
Principal Donated	\$290,083.18
Cost Basis of Property	\$262,496.92
Payout Rate from ACGA2020A Table	6.2%
Payment Schedule	monthly at end

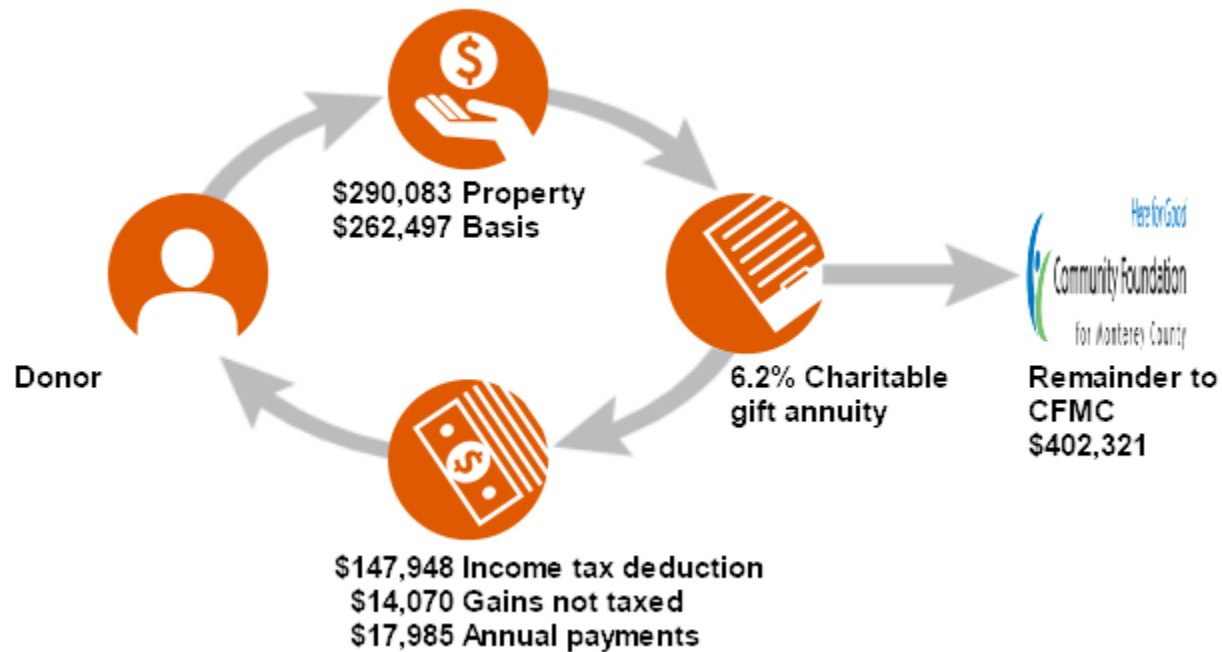
BENEFITS:

Charitable Deduction	\$147,948.22
Annuity	\$17,985.24
Tax-free Portion	\$12,857.15
Capital Gain Income	\$1,351.19
Ordinary Income	\$3,776.90

Total reportable capital gain of \$13,516.72 must be reported over 10 years, the expected lifetime of the donor age 79.

After 10 years, the entire annuity becomes ordinary income.

Charitable Gift Annuity



Benefits

Immediate

Income tax deduction of \$147,948. May save up to \$42,935. Reduced capital gains tax. May save up to \$2,110.

Annual

Annual payments of \$17,985 for life of annuitant, age 79, with \$12,857 tax-free for the first 10 years. Projected total after-tax payments of \$205,176 over 13 years.

Future

CFMC projected to have \$402,321 in 13 years. May reduce estate taxes and costs.

Taxation of Gift Annuity Payments

6.2% Charitable Gift Annuity

ASSUMPTIONS:

Annuitant Age	[5/11/1943] 79
Date of Gift	3/14/2022
Date of First Payment	3/31/2022
Property Donated	\$290,083.18
Cost Basis of Property	\$262,496.92
Payout Rate from ACGA2020A Table	6.2%
Payment Schedule	monthly at end

CALCULATIONS:

Charitable Deduction	\$147,948.22
Number of Payments in First Year	10
Days in First Monthly Period (3/1/2022 to 3/31/2022)	31
Days of Payment Credit in First Monthly Period (3/15/2022 to 3/31/2022)	17
Annuity	\$17,985.24
Monthly Payment	\$1,498.77
First Partial Payment on 3/31/2022 (17/31 x \$1,498.77)	\$821.91

BREAKDOWN OF ANNUITY:

	Capital Gain	Tax-free Portion	Ordinary Income	Total Annuity
2022 to 2022	1,075.14	10,230.42	3,005.28	14,310.84
2023 to 2031	1,351.19	12,857.15	3,776.90	17,985.24
2032 to 2032	280.87	2,673.48	15,030.89	17,985.24
2033 onward	0.00	0.00	17,985.24	17,985.24

Total reportable capital gain of \$13,516.72 must be reported over 10 years, the expected lifetime of the donor age 79.

After 10 years, the entire annuity becomes ordinary income.

Prepared by: Andrea Scott, Director of Gift Planning

IRS Discount Rate is 2%

These calculations are for illustration purposes only and should not be considered legal, accounting, or other professional advice. Your actual benefits may vary depending on several factors, including the timing of your gift.

Gift Annuity Disclosure Statement

Description of a Gift Annuity

A gift annuity is a simple contract between the donor(s) and Community Foundation for Monterey County (CFMC). In exchange for the donor's(s') contribution, Community Foundation for Monterey County promises to make fixed payments for life to one or two annuitants (usually, but not necessarily, the donor(s)). The amount paid is based on the age(s) of the annuitant(s), in accordance with Community Foundation for Monterey County's rate schedule.

Not a Commercial Investment

The act of establishing a gift annuity with Community Foundation for Monterey County is not, and should not be viewed as, an investment. Rather, it is a way to arrange for annuity payments while making a charitable donation. In this respect, a gift annuity issued by Community Foundation for Monterey County is different from a commercial annuity. While both types of annuities make payments that are usually partially tax-free, the charitable donation aspect of establishing a gift annuity may result in additional tax benefits that are not available when purchasing a commercial annuity. These tax benefits include a current federal income tax charitable deduction (if you itemize your deductions) and possible future estate tax savings.

Gift Annuity Rates

Generally, the gift annuity rates paid by Community Foundation for Monterey County are those suggested by the American Council on Gift Annuities, which is a national organization of charities that has been in existence since 1927. These rates have been calculated so as to provide attractive payments to the donor and/or other annuitant(s) and also to result in a significant portion of the contribution remaining for the charity. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions.

Assets Backing Annuity

The annuity payments are a general obligation of Community Foundation for Monterey County, and they are backed by all of our assets (subject to security interests). As of February 28, 2022 the market value of our total invested funds exceeded \$358,000,000, and they are invested in a diversified portfolio of marketable securities. Assets received by Community Foundation for Monterey County for gift annuities are managed by TIAA Kaspick at the direction of CFMC, in a conservative and disciplined manner. If Community Foundation for Monterey County should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of Community Foundation for Monterey County.

Governance

Responsibility for governing Community Foundation for Monterey County, which was established in California in 1945, is vested in a volunteer Board of Directors composed of 20 persons, who are nominated. Common investment funds managed by our organization are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104 -62). Information in this statement is provided to you in accordance with the requirements of that Act.

Points to Remember

- A contribution for a gift annuity is irrevocable.
- The right to annuity payments may not be assigned to any person or organization, other than Community Foundation for Monterey County.

- The gift date is the date when you actually transfer assets. In the case of cash, it is the date you mail or deliver a check. In the case of an electronic transfer of securities, it is the date they are received into the account of Community Foundation for Monterey County. If you have certificates, it is the date they are properly endorsed and mailed or delivered.
- The gift annuity is governed by applicable state laws.

For More Information

This disclosure statement is intended to provide basic information regarding the gift annuities issued by Community Foundation for Monterey County, and is not intended to serve as legal advice. We encourage you to consult with your own legal and/or financial advisor about the applicability of such a gift in your own situation. If you have additional questions concerning Community Foundation for Monterey County's gift annuity program, please contact the Community Foundation for Monterey County at 831.375.9712.

**National Standards for U.S. Community Foundations
Board Resolution**

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Resolution Regarding Accreditation and Re-Accreditation with National Standards for U.S. Community Foundations for Community Foundation for Monterey County

WHEREAS, the Council on Foundations' Community Foundations Leadership Team first adopted National Standards for U.S. Community Foundations in June 2000, the community foundation field approved the National Standards in September 2000, and the Community Foundations Leadership Team released revisions to the National Standards in March 2009 and March 2014;

WHEREAS, the applicant Community Foundation's Board of Directors has approved this application and authorized Kim Drabner to act as the primary point of contact with the Community Foundations National Standards Board;

NOW THEREFORE, BE IT RESOLVED, that the applicant Community Foundation's Board of Directors certifies that the applicant Community Foundation has:

- Approved the submission process;
- Certified that all documents and information provided in this application are true and correct;
- Authorized the above referenced individual to act as the primary point of contact; and
- Agreed to abide by the Internal Revenue Service definition as well as the National Standards definition of a Community Foundation as set forth in National Standard 1.

BE IT FURTHER RESOLVED, that a complete record of submission materials shall continue to be maintained and updated to reflect any changes and shall be made available for audit or review by the Community Foundations National Standards Board or its designee(s) upon request.

Teri Belli
Board Chair

Date

Daniel R. Baldwin
President/CEO

Date

*Confirmed in Compliance
with National Standards for
U.S. Community Foundations*

*Member
Council on Foundations
League of California*



Community Foundation for Monterey County
Advocacy and Public Policy Guidelines
August 28, 2019

Introduction

Section 3 (Community Leadership) of the 2015 CFMC Strategic Plan states the following:

Grow the CFMC's profile in advocacy when such activity can create a strong environment for the CFMC to prosper, or support initiatives that align with the CFMC's core values. This may be accomplished through participation in the League of California Community Foundations public policy work, working with the Council on Foundations or other national lobbying groups, partnering with local organizations or, when appropriate, developing our own initiatives.

The definition of advocacy is “public support for or recommendation of a particular cause or policy.” The definition of lobbying is “seek to influence (a politician or public official) on an issue.” These terms are often used interchangeably, but there is a clear difference between the two. However, for the purpose of these guidelines, the definitions will not be used individually; rather, unless specified, they’ll be conflated into “advocacy.”

IRS codes pertaining to advocacy do not differentiate community foundations from other public charities. However, these guidelines will use “community foundations” rather than “public charities” in order to reinforce that we are referring to allowed/disallowed activities for the CFMC.

The following guidelines outline the methods, parameters and limitations of how community foundations may engage in advocacy work. On the whole, this is not new work for the CFMC, but it has never been guided by a board approved set of guidelines. One can logically anticipate increased advocacy activity for the CFMC, as regulatory threats to philanthropy may become more common. Additionally, in California, increasing usage of the initiative and referendum process also means voters are assuming more responsibility in deciding important policy and fiscal matters, and it will become increasingly likely the CFMC will be asked to provide support on voting initiatives that align with the CFMC’s priorities and values. Locally, whether voting initiatives such as bond referendums or lobbying for or against County or local policy decisions, the voice and stature of the CFMC may be sought. It is important that the CFMC determine the circumstances in which it will engage on these matters. Lastly, advocacy work doesn’t necessarily equate to influencing legislation or taking positions on public referendums. It can also involve educating public officials on the intricacies and nuances of community issues.

For community foundations with a history of involvement in this arena, advocacy is seen as an integral part of their philanthropic strategy. Such support typically covers a range of activities, from defining the problem(s) and framing key issues to research, analysis and advocacy of specific policy actions. For

others, foundation involvement goes beyond grantmaking to encompass institutional leadership on issues that impact their core mission. This is especially important in a region as large as Monterey County, where the multiplicity of jurisdictions can diffuse leadership on issues that affect the entire County. There may be times when the CFMC can help shape public opinion and provide much needed leadership on significant public policy issues.

Precedence exists with other community foundations which have assumed this mantle of public leadership. The Silicon Valley Community Foundation led a legislative initiative to curb predatory payday lending. The California Community Foundation (Los Angeles) has been part of a public/private effort to make a dent in chronic homelessness. Smaller community foundations across California have been leaders in immigration policy and affordable housing. In the area homeless services, the CFMC led a series of meetings that led to structural changes of the Leadership Council (a HUD mandated group that oversees state and federal funding) and convinced jurisdictions and nonprofits to collaborate on projects. Advocacy, even to public entities, does not always involve shaping legislation.

The following guidelines are a framework for the CFMC's decision-making process on institutional leadership on advocacy. The intent is to define the parameters and develop a process that will enable CFMC staff and board to consider the circumstances in which an institutional position would add value to public discourse or shape legislation.

The Parameters

Who can engage in advocacy? All nonprofit organizations, including public charities like the CFMC and, to a limited extent, private foundations, can participate in public policy development and advocacy.

Definition of advocacy. Advocacy is a broad term that encompasses a range of activities designed to educate and influence others through issue analysis, community organizing and relationship-building. Lobbying is just one of many activities in the advocacy spectrum, which includes the following—

- Educating the public (e.g., through informational brochures, flyers, organizing of rallies);
- Educating legislators (e.g., oral/written testimony);
- Researching and analyzing public policy issues;
- Writing letters/email and sending them to partner organizations, public or elected officials;
- Writing and submitting op-ed pieces or letters to the editor of newspapers and other media outlets;
- Convening meetings, community forums, funder briefings;
- Convening and/or participating in press conferences;
- Voter education;
- Developing relationships with legislators;
- Providing testimony at public hearings and meetings;
- Providing technical assistance or guidance to legislators;
- Training nonprofits on how to engage in grassroots advocacy activities;

- Submitting comments on proposed regulations;
- Supporting candidates for public office (**not allowed for 501(c)(3) organizations**);
- Supporting/opposing specific initiatives or bond measures;
- Lobbying

Definition of lobbying. Under the laws applicable to community foundations and other public charities, there are two types of lobbying—direct and grassroots.

a. Direct lobbying consists of opinions or actions that are directed at legislators or legislative bodies intended to influence the outcome of a specific piece of legislation. “Legislator” refers to executive level public officials who participate in the development of legislation (this includes senior legislative staff). Under this definition, members of special purpose boards, such as school boards, planning and zoning commissions, are excluded because their functions are narrowly prescribed, and their role is to interpret or implement existing laws. “Specific legislation” includes existing bills that have been assigned a name and a number, as well as legislative proposals that have not been fully developed, are not yet written and not yet introduced.

Exceptions to the definition of “specific legislation” are:

- (1) rules and regulations;
- (2) enforcement (or lack of enforcement) of existing laws and regulations;
- (3) executive orders from a mayor, governor, or president of the U.S.; and
- (4) pending lawsuits

Community foundations are free to comment or advocate on issues involving any of the exceptions listed above. For example, they can participate as parties to a lawsuit or as “friends of the court” in legal briefs supporting or opposing specific litigation. They can write letters to public officials asking for the enforcement of habitability codes or fair housing laws against landlords who violate these provisions. Community foundation support of nonprofits to engage in these activities is not considered lobbying; and community foundations themselves can participate in these activities.

b. Grassroots lobbying includes communications to the public that expresses a point of view about a particular bill or legislative proposal and asks the public to contact their elected representatives in order to influence their vote on a bill or proposal. Direct calls to action will be treated as grassroots lobbying. An example of a direct call to action would be for the CFMC to utilize Facebook to urge readers to call their legislators to oppose or support a piece of legislation.

Exceptions to lobbying. There are four exceptions to the statutory definition of lobbying: (1) nonpartisan research and analysis; (2) discussion and analysis of broad social and economic issues; (3) legislative requests for technical advice or assistance; and (4) self-defense. Community foundations can engage in these exempt activities.

1. Nonpartisan research and analysis. The research or study should present a balanced, complete explanation of the issue that would enable a reader to reach his/her own independent conclusion. It can advocate a particular position or express a point of view as long as the analysis is evenhanded. The report should be widely distributed, not just shared with recipients who agree with the recommendations. And it should not direct readers to contact their elected representatives. Examples of nonpartisan research are the CFMC's *Status of Women and Girls in Monterey County* and studies produced by nonprofits like the Public Policy Institute of California and the California Budget Project.

2. Discussion of broad social and economic issues. Community foundations can convene meetings or community forums to discuss policy issues with government officials and the general public. For example, convenings organized by the CFMC on homelessness and how public and nonprofit agencies can work in a more coordinated fashion led to structural changes in oversight and implementation of public funds. It would be lobbying if the discussions revolved around support or opposition for specific legislation, such as seeking more State funding for homelessness or affordable housing or opposing legislation that reduced funding.

3. Legislative requests for technical advice or assistance. If a legislative or governmental body submits a written request to a community foundation to provide testimony on a particular subject, preparation and presentation of the information are not considered to be lobbying; and the expenses associated with preparing the testimony (e.g., research, writing, production of materials, travel time and costs) are not lobbying expenses. For example, the Assembly Committee on Human Services may send a written request to nonprofit job training providers, asking them to present testimony on the potential effects of federal budget cuts and policy changes affecting state-run welfare-to-work programs. Responding to these written requests is permissible, and the time invested to draft testimony or provide technical assistance is an exempt activity.

4. Self-defense. Communications with a legislator or legislative body regarding a bill or proposal that would affect an organization's existence, powers, tax-exempt status, or tax-deductibility of contributions to the nonprofit is not lobbying. For example, AB1712 in the 2019 California legislature sought to require all donor advised fund sponsors to have active funds policies, submit fund-by-fund reporting to the State Attorney General, and left open any action the AG's office might take if funds didn't adhere to an unspecified reporting outcome. The League of California Community Foundations' actions to make this a two-year bill in hopes of satisfactorily modifying or killing the bill was a position of self-defense, as the bill would have altered the business model of its member community foundations. The CFMC's CEO engaged in self-defense activities on behalf of the League of California Community Foundations. It would have been permissible for the CFMC's CEO to speak specifically on behalf of a formalized CFMC position. This would not have been considered lobbying, and any expenses incurred in this activity would not have to be reported as lobbying expenses.

Extent of permissible lobbying. Internal Revenue Service regulations allow community foundations to engage in some lobbying. Community foundations can support educational activities and advocacy

through grantmaking and direct institutional engagement. One of two tests is used to determine the permissible amount of lobbying: the “insubstantial part” test or the “expenditure” test.

a. Insubstantial part test. Under this test, lobbying activities should comprise an “insubstantial” part of an organization’s overall activities. While “insubstantial” is not clearly defined by the Internal Revenue Service, the parameters are generally set at less than five percent of an organization’s total activities.

b. 501(h) expenditure test. Community foundations can elect to be governed under Section 501(h), which permits lobbying up to a certain percentage of their budget. The expenditure limit is generally 20 percent of “exempt purpose expenditures” (often thought of as program budget expenditures within a fiscal year) for all lobbying, of which a quarter of that amount can be spent on grassroots lobbying. In no case can a public charity that has taken the 501(h) election exceed \$1 million a year in lobbying expenses. Application of the test means that a maximum of \$250,000 can be spent on grassroots lobbying, while the remaining \$750,000 can be used for direct lobbying. Community foundations that choose the expenditure test must report their lobbying expenses separately on the IRS Form 990. Some nonprofit organizations that do significant amounts of lobbying may choose to form a separate entity, such as a 501(c)(4) social welfare group or a 501(c)(6) membership association, instead of electing the 501(h) expenditure provision.

Review and Approval Process

Institutional positions. When the CFMC identifies a public policy matter on which it may choose to take a position, or if a request is made to the CFMC to take a position, the following will be considered:

1. The matter furthers the Foundation’s mission and has a significant impact on residents or communities in Monterey County (e.g., housing, education, access to healthcare, etc.);
2. The matter has the potential to impact the CFMC’s business model or interfere with or create barriers for donors to participate in community philanthropy through a partnership with the CFMC;
3. The matter has a direct bearing on the CFMC’s programmatic priorities in education, healthcare, neighborhood revitalization or arts and community development; or
4. The matter has received affirmative endorsements from two or more key nonprofit, public or private institutional stakeholders that have participated in the policy discussions and/or helped shape the recommendations and proposed actions;
5. Taking a policy position would further the goals and objectives in the CFMC’s strategic plan; and,
6. The CFMC has the potential to impact the matter because--
 - the staff has ample knowledge and expertise on the issue;
 - it has the relationships and partnerships necessary to be credible and proactive in the policy community; and

- financial support can be secured through the CFMC’s own grantmaking funds and/or through solicitation of other donors and/or institutional funders.

Senior management staff and the president/CEO will thoroughly review the matter presented and assess the implications for the CFMC and potential impact on the public policy debate.

Timing and procedures. If time is of the essence and the issue cannot wait for a regularly scheduled board meeting, the president/CEO will consult with the board chair and executive committee members and request a special meeting of the executive committee by conference call to discuss and potentially vote on the matter. If timing is not critical, the issue will be placed on the agenda for a regularly scheduled board meeting. As with all matters put before the executive committee and the board, approval requires a quorum of members and majority of yes votes.

Implementation

If the board or executive committee determines that an institutional position is warranted, the Foundation’s senior management will present recommendations on how that position can be implemented. This can include any or all of the following options:

- attach its name to materials endorsing the initiative;
- provide a public policy grant to a nonprofit or consortium of nonprofits that will work on the issue;
- develop a communications strategy, in collaboration with other stakeholders, to increase public visibility of the issue (e.g. writing op-ed articles, letters to the editor, assisting with press events, etc.)
- implement a variety of civic engagement strategies which may include convenings, forums, briefings and other activities;
- create and/or fund public policy publications, including white papers, issue briefs, and other research and analytical tools to inform and impact the policy debate; and/or
- train nonprofit organizations in public policy and media advocacy.

The specific recommendations will be tailored to each issue. This list of recommended actions is not intended to be exhaustive, but rather, is illustrative of the strategies that the CFMC can consider.