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Community Foundation

for Monterey County

FINANCIAL STATEMENT

For the Eight Months Ended August 31, 2022

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
FINANCIAL REPORTS
For the Eight Months Ended August 31, 2022**

TABLE OF CONTENTS

Section I – Financial Reports	Page(s)
Notes to Financial Statements	1 - 3
Statement of Financial Position	4 - 5
Statement of Activities	6 - 7
Section II – Combined Operating Fund	
Comparisons of Actual to Budget - Operating Fund	8

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Eight Months Ended August 31, 2022**

Assets

Total Assets through 8/31/2022 are \$327,282,281 a 12.33% decrease since August 2021 and a 15.36% decrease since December 2021. (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. In August, Robert Haas established his 11th CGA with \$65,000 cash. The \$30,705.25 calculated remainder value is designated for the Operating Fund. (p. 4)

Realized and Unrealized Gains and Losses on Investments

Net year-to-date realized losses were \$5,864 and unrealized losses were \$49,220,613, for a total loss of \$49,226,477. (p. 7)

Operating Fund

Total revenue was \$124,174 more than the budget, and total expenses were \$208,837 less than the budget. Unrealized losses were \$94,592 on the operating reserve held in the Medium-Term Fund portfolio. The actual net operating deficit is \$611,488 compared to a budgeted deficit of \$849,677. (p. 8)

Revenue continues to be higher than budget through August. However, projections for the third quarter administrative fees based on the June 30 fund balance reflect fees lower than budgeted resulting in a one-half (.5) month decrease in cash on hand over the next three months.

Salaries and benefits continue to be below budgeted amounts. This savings is the result of position vacancies in the first quarter that have now been filled, as well as just over a month of savings on the recent Director of Gift Planning vacancy. That position has now been filled. While the salary increases related to the Croner salary study were approved as a budget amendment, additional unbudgeted salary increases will diminish the salary savings over time. In addition, the renewal of the medical insurance, effective September 1, 2022, was higher than the budgeted expected increase. However, savings through September related to staff members declining budgeted coverage will offset the higher cost in the fourth quarter. Overall, salaries and benefits are expected to remain under budget through the end of year.

Overall administrative expenses continue to be below budget. However, higher than budgeted bank charges due to fees assessed on large credit card donations and contracted services for high level accounting assistance during the Director of Finance recruitment have resulted in overages in bank fees and services.

The 2022 rental agreement for the Salinas property was revised in late 2021. The agreement revised the rent structure to include a utility allocation. As this was completed after the budget process, there is a variance (under) on rent that is offset by a variance (over) on utilities as the agreement shifted the expense classification. This will continue through the end of year and be corrected in the 2023 budget.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
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For the Eight Months Ended August 31, 2022

Unexpected increases in printing, postage, and design services resulted in a budget overage for production of the annual report. The printing service was \$10,057 over budget due to paper and supply chain issues. The annual meetings expense currently reflects a budget deficit; however, this is related to the timing of payments for the Celebration of Philanthropy and will correct in future months. New hires and other staff life events have resulted in an overage on staff recognition expense. This overage will run through to year end. Overall, Development, Program & Staff is reflecting expenditures that are \$1,045 over budget. Staff is monitoring expenditures for potential areas of savings in the category; however, resumption of events is anticipated to limit the ability to offset the overall budget overage.

Note: The Expendable Operating Cash-on-Hand is at 8.0 months, excluding the operating reserve of \$500,000 and the building reserve of \$150,000.

Portfolio Performance

The market value of the Long-Term Fund portfolio at 8/31/2022 was \$266,814,411. The one-year Total Return for the Long-Term Endowment Portfolio was -13.0% compared to the Policy Index of -10.7%.

The market value of the Medium-Term Fund portfolio at 8/31/2022 was \$9,699,847. The one-year Total Return for the Medium-Term Endowment Portfolio was -13.1% compared to the Policy Index of -11.9%.

The market value of the ESG Fund portfolio at 8/31/2022 was \$6,948,739. The one-year Total Return for the ESG Portfolio was -12.2% compared to the Policy Index of -13.8%.

The market value of the DRIM Fund portfolio at 8/31/2022 was \$2,806,906. At 7/31/22, the one-year Total Return for the DRIM Portfolio was -10.9% compared to the Policy Index of -4.8%. 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 Salinas Inclusive Economic Development Initiative, funded by the James Irvine Foundation; COVID-19 Collaborative support funded by the David and Lucile Packard Foundation; COVID-19 support funded by the Public Health Institute; and the Monterey County Gives annual campaign.

Total Special Program revenue was \$1,686,058 and total expenses were \$12,872,247. This includes grant expense of \$9,493,617 for the 2021 Monterey County Gives campaign. (p. 6-7)

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

Total new contributions for the month were \$3,527,747 including:

Taylor Farms Retail, Inc.

8/31/2022 56,100

Taylor Farms Scholarship Fund

**COMMUNITY FOUNDATION FOR MONTEREY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 For the Eight Months Ended August 31, 2022**

Mr. Robert Haas	8/11/2022	65,000	Charitable Gift Annuities
Gateway Center of Monterey County Inc.	8/31/2022	150,000	Gateway Center Mary Lou Cortright Memorial Fund
County of Monterey	8/4/2022	174,445	COVID-19 Collaborative Community Health Workers
Pacific Grove Museum of Natural History	8/26/2022	844,015	Helen Johnson Endowment Fund
Pacific Grove Museum of Natural History	8/26/2022	979,118	Helen Johnson Endowment Fund
Jan and Tannie Mandel Family Trust	8/25/2022	1,072,275	Jan and Tannie Mandel Fund

Grants to agencies for the month totaling \$1,472,566 were approved and recorded.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Eight Months Ended August 31, 2022 and August 31, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL August 31, 2022</u>	<u>TOTAL August 31, 2021</u>
ASSETS							
Cash:							
Cash & Cash Equivalents	3,550,077	3,046,427	7,296	4,212,436	0	10,816,236	11,476,399
Investments - Long Term Fund Portfolio	0	0	181,475,977	85,338,434	0	266,814,411	311,665,273
Investments - Medium Term Fund Portfolio	641,142	0	0	9,058,705	0	9,699,847	9,803,041
Investments - ESG Fund Portfolio	0	0	3,645,835	3,302,905	0	6,948,739	5,705,660
Separately Invested - DRIM Portfolio	0	0	0	2,806,906	0	2,806,906	3,655,913
Separately Invested - Pony Trust	0	285,570	0	0	0	285,570	326,549
Total Cash & Investments	4,191,219	3,331,997	185,129,107	104,719,387	0	297,371,710	342,632,834
Accounts Receivable:							
Pledges & Contributions Receivable	0	0	0	4,500	0	4,500	906,679
Bequests & Remainder Interest	0	0	0	0	0	0	0
Due from OPER	0	0	996,290	0	0	996,290	1,074,525
Investment in an LLC	0	0	0	0	0	0	0
Charitable Remainder Trusts	0	0	0	0	21,198,143	21,198,143	22,321,703
Charitable Gift Annuities	0	0	0	0	5,923,395	5,923,395	4,520,833
Total Accounts Receivable	0	0	996,290	4,500	27,121,537	28,122,327	28,823,741
Other Assets:							
Prepaid Expenses	5,500	0	0	0	0	5,500	7,344
Property-Net of Depreciation	1,782,744	0	0	0	0	1,782,744	1,841,123
Total Other Assets	1,788,244	0	0	0	0	1,788,244	1,848,467
TOTAL ASSETS	5,979,463	3,331,997	186,125,397	104,723,887	27,121,537	327,282,281	373,305,043

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF FINANCIAL POSITION
CONSOLIDATED - ALL FUNDS
For the Eight Months Ended August 31, 2022 and August 31, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL August 31, 2022</u>	<u>TOTAL August 31, 2021</u>
LIABILITIES & NET ASSETS							
Liabilities:							
Grants Payable	0	2,402,749	420,600	348,250	0	3,171,599	1,240,133
Contingent Liabilities	0	0	0	0	0	0	16,283,259
Funds held as Agency Endowments	0	0	0	0	0	0	7,298,606
Funds held as Stewardship Funds	0	0	0	56,449,929	0	56,449,929	48,980,877
Payroll, Misc. and Accts Payable	1,202,478	62	8,371,490		15,357,946	24,931,977	1,218,221
Total Liabilities	1,202,478	2,402,812	8,792,090	56,798,179	15,357,946	84,553,505	75,021,096
Net Assets:							
Net Assets-Beginning Balance	5,388,473	12,147,613	209,105,934	64,245,878	12,322,224	303,210,122	271,959,415
Change in Net Assets - Current Year	(611,488)	(11,218,428)	(31,772,627)	(16,320,170)	(558,633)	(60,481,346)	26,324,532
Total Net Assets	4,776,985	929,185	177,333,307	47,925,708	11,763,591	242,728,776	298,283,947
TOTAL LIABILITIES & NET ASSETS	5,979,463	3,331,997	186,125,397	104,723,887	27,121,537	327,282,281	373,305,043

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Eight Months Ended August 31, 2022 and August 31, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL August 31, 2022</u>	<u>TOTAL August 31, 2021</u>
SUPPORT AND REVENUE:							
Contributions	76,297	1,545,263	1,992,549	9,153,770	0	12,767,879	18,470,566
Interfund Gifts	38,251	5,000	80,446	777,090	0	900,787	720,789
Pledge Payments Received	0	0	0	0	0	0	2,392,303
Future Contributions-A/R-Pledge-CRT-CGA	0	0	0	0	178,660	178,660	89,405
Contributions Received via Bequest	16,196	0	793,517	0	0	809,714	2,493,403
Change in Value, Split Interest Trusts, Future Assets	0	0	0	0	102,533	102,533	1,532,685
Gain/Loss on Sale of Property	0	0	0	0	0	0	541,418
Income from Related Party (LLC)	0	0	0	0	0	0	0
Interest & Dividend Income	13,809	5,517	2,067,294	1,072,294	0	3,158,914	3,952,275
Administrative Fees	2,038,835	0	0	0	0	2,038,835	1,768,122
Fees from Special Projects	59,063	0	0	0	0	59,063	93,470
Workshop and Contract Service Income	26,338	0	0	0	0	26,338	576
Misc Income/Returned Grants	1,615	130,279	3,215	31,434	0	166,542	28,162
Total Support and Revenue	2,270,404	1,686,058	4,937,021	11,034,589	281,193	20,209,265	32,083,173
EXPENSES:							
Operating Expenses and Distributions:							
Salaries & Benefits	1,963,506	1,860	0	0	0	1,965,366	1,707,962
Administrative Costs	538,767	417,405	0	14,328	0	970,499	826,614
Occupancy Costs	133,314	0	0	0	0	133,314	102,300
Development Expenses	151,286	38,852	0	240	0	190,377	125,540
Board & Committee Expenses	198	0	0	0	0	198	750
Total Operating Expenses	2,787,070	458,117	0	14,568	0	3,259,755	2,763,166

COMMUNITY FOUNDATION FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
CONSOLIDATED - ALL FUNDS
For the Eight Months Ended August 31, 2022 and August 31, 2021

	<u>COMBINED OPERATING</u>	<u>SPECIAL PROGRAMS</u>	<u>ENDOWMENT</u>	<u>NON ENDOWED</u>	<u>BEQUEST, CRT RECEIVABLES</u>	<u>TOTAL August 31, 2022</u>	<u>TOTAL August 31, 2021</u>
Grants and Grant Related Expenses:							
Grants	0	12,242,964	4,945,652	6,910,896	0	24,099,512	26,555,816
Interfund Grants	0	2,793	381,245	516,750	0	900,787	720,789
Pledge Payments Paid	0	0	0	0	0	0	13,384
Bequests Payments/Transfers	0	0	0	0	809,711	809,711	4,861,586
Other Expenses	0	165,360	0	1,633	0	166,993	48,201
Other Payments/Transfers	0	0	(2,182,967)	2,182,967	0	0	0
Grant Related Expenses	0	0	0	0	0	0	0
Administrative Fees	0	3,014	1,383,507	622,031	30,114	2,038,666	1,845,092
Fees to Managers	229	0	125,689	62,789	0	188,708	184,124
Total Grants and Grant Related Expenses	229	12,414,131	4,653,127	10,297,066	839,826	28,204,379	34,228,993
Total Expenses and Grants	2,787,300	12,872,247	4,653,127	10,311,634	839,826	31,464,133	36,992,158
Excess of Revenues (Expenses)							
Before Gains on Investments & Transfers	(516,896)	(11,186,189)	283,894	722,955	(558,633)	(11,254,869)	(4,908,986)
GAINS(LOSS) ON INVESTMENTS and Other Income:							
Realized-Gain (Loss)	0	0	941	(6,805)	0	(5,864)	5,421
Unrealized-Gain(Loss)	(94,592)	(32,239)	(32,057,462)	(17,036,321)	0	(49,220,613)	30,816,694
Other Income	0	0	0	0	0	0	411,402
Total Gain/(Loss) on Investments and Other Income:	(94,592)	(32,239)	(32,056,521)	(17,043,126)	0	(49,226,477)	31,233,517
Change in Net Assets	(611,488)	(11,218,428)	(31,772,627)	(16,320,170)	(558,633)	(60,481,346)	26,324,532
Net Assets Beginning of Year	5,388,473	12,147,613	209,105,934	64,245,878	12,322,224	303,210,122	271,959,415
Net Assets, End of Period	4,776,985	929,185	177,333,307	47,925,708	11,763,591	242,728,776	298,283,947

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

For the Eight Months Ended August 31, 2022 and August 31, 2021

	Year-To-Date			YTD Actual 8/31/2021
	Actual	Budget	Variance	
REVENUE				
Contributions - Foundations	35,739	12,000	23,739	301,808
Contributions - Indiv/Corp	40,558	6,000	34,558	44,597
Contributions - Interfund	38,251	20,000	18,251	48,051
Bequests Received	16,196	32,336	(16,140)	60,389
Admin Fees	2,038,835	1,981,350	57,485	1,768,122
Special Project Fees	59,063	44,880	14,183	93,470
Workshops/Contracts	26,338	22,000	4,338	576
Miscellaneous Income	1,615	22,000	(20,385)	11,588
Interest and Dividends	13,809	5,664	8,145	16,641
Total Revenue	2,270,404	2,146,230	124,174	2,345,240
EXPENSE				
Personnel				
Salaries and Wages	1,532,209	1,617,243	(85,034)	1,296,321
Payroll Taxes	117,299	119,127	(1,828)	96,099
Insurance and Other Benefits	313,997	392,199	(78,202)	285,316
Sub-total	1,963,506	2,128,569	(165,063)	1,677,736
Administrative				
Supplies	15,503	14,000	1,503	10,715
Equip / Computer Maintenance	83,630	153,000	(69,370)	84,574
Bank Charges	9,897	4,664	5,233	7,308
Printing	17,026	19,050	(2,024)	16,956
Postage / Freight	13,960	18,700	(4,740)	9,694
Dues/Subscriptions	44,535	46,785	(2,250)	43,665
Services (legal, acct, consult)	235,810	178,544	57,266	201,417
D&O Insurance	6,160	12,500	(6,340)	0
Telecommunications	36,230	39,544	(3,314)	32,583
Conferences & Training	15,478	30,536	(15,058)	5,910
Miscellaneous	147	5,704	(5,557)	10,063
Depreciation	60,392	60,392	0	53,128
Sub-total	538,767	583,419	(44,652)	476,012
Facilities				
Property / Liability Insurance	19,007	11,925	7,082	11,305
Maintenance / Repairs	8,224	18,000	(9,776)	4,961
Janitorial & Landscaping	16,683	16,200	483	14,508
Rent	26,408	37,512	(11,104)	18,951
Mortgage, Interest & Property Taxes	27,370	28,507	(1,137)	29,391
Utilities	35,622	21,336	14,286	23,185
Sub-total	133,314	133,480	(166)	102,300
Development, Program & Staff				
Donor Development	25,151	33,550	(8,399)	17,365
Advertising & Promotion	37,867	38,211	(344)	22,751
Mileage, Meals & Meetings	3,285	5,198	(1,913)	185
Workshops	10,887	27,030	(16,143)	1,315
Annual Meetings	16,055	7,500	8,555	8,894
75th Anniversary Expenses	0	0	0	0
Annual Report	51,144	32,000	19,144	7,940
Staff Recognition Expenses	6,896	4,350	2,546	4,775
Board & Committee Expenses	198	2,600	(2,402)	750
Sub-total	151,484	150,439	1,045	63,974
Total Expenses	2,787,070	2,995,907	(208,837)	2,320,023
Net Income / (Loss) Before Investment Returns and Other Income	(516,667)	(849,677)	333,010	25,217
Realized Gains/(Losses)	0	0	0	5
Unrealized Gains/(Losses)	(94,592)	0	(94,592)	24,316
Other Income	0	0	0	411,402
Investment Management Fee	229	0	229	235
Net Income / (Loss) Including Investment Returns	(611,488)	(849,677)	238,189	460,705