

**BOARD OF DIRECTORS MEETING
PASADENA CITY COLLEGE FOUNDATION
QUARTERLY REGULAR BUSINESS MEETING**

Tuesday, December 18, 2018

7:30 a.m. Open Session

Pasadena City College

Circadian Room

1570 East Colorado Boulevard, Pasadena, California 91106

AGENDA

Notice: Members of the public may request the opportunity to address the Board regarding any item on the agenda. To do so, please complete a "Request to Address the Board" form and give it to the Board Secretary prior to the deliberation of the agenda item. Individual speakers are limited to five minutes; total audience participation on any agenda item is limited to thirty minutes.

***Reminder: Individual photos will be taken starting at 7:00 am, we welcome early arrivals
Group photo will be taken at 7:45 am**

QUARTERLY REGULAR BUSINESS MEETING

- I. CALL TO ORDER – Bill Hawkins, President
- II. OPEN SESSION
 - A. PUBLIC COMMENT ON NON-AGENDA ITEMS
The Brown Act prohibits the Board from discussing or taking action on any item not on the agenda.
 - B. ANNOUNCEMENTS AND INTRODUCTIONS
- III. ACTION ITEMS
 - 1. Approval of Minutes of September 18, 2018 Quarterly Board Meeting
 - 2. Accept 2017-2018 Audit – Mark Ladesich, Chair, Audit Committee
- IV. REPORTS
 - A. COLLEGE PRESIDENT'S REPORT – Dr. Rajen Vurdien
 - B. TRUSTEE LIASION REPORT– Hoyt Hilsman
 - C. OVERVIEW OF CAMPAIGN PROGRESS – Dr. Jack Scott
 - D. FINANCIAL REPORT – Wade Winter
 - E. PCC FOUNDATION PRESIDENT'S REPORT – Bill Hawkins
 - F. EXECUTIVE DIRECTOR'S REPORT – Bobbi Abram
 - G. ADJOURN QUARTERLY REGULAR BUSINESS MEETING
- V. FUTURE BOARD ACTIVITY DATES
 - Holiday Reception – Tuesday, December 18, 2018, The Athenaeum at 5:30 pm
 - Next board meeting – Tuesday, March 19, 2019
- VI. FUTURE COMMITTEE MEETINGS
 - Executive Committee – Wednesday, January 9, 2019
 - Board Development Committee – Tuesday, January 22, 2019
 - Finance & Investment Committee – Thursday, January 24, 2019

**BOARD OF DIRECTORS MEETING
PASADENA CITY COLLEGE FOUNDATION
MINUTES OF THE
QUARTERLY REGULAR BUSINESS MEETING
Tuesday, September 18, 2018
7:30 A.M. Open Session
Pasadena City College
Circadian Room
1570 East Colorado Boulevard, Pasadena, California 91106**

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The Board of Directors of the Pasadena City College Foundation met on Tuesday, September 18, 2018 in the Circadian Room, Pasadena City College, located at 1570 East Colorado Boulevard, Pasadena, California 91106.

QUARTERLY REGULAR BUSINESS MEETING

I. CALL TO ORDER

The meeting was called to order at 7:34 a.m. by Mr. Bill Hawkins, President. He noted a quorum was present.

Board of Directors Present:

Mr. Scott Bell
Ms. Vivian Chan
Ms. Dana Dattola
Dr. Bill Goldmann
Ms. Carmella Grahn
Mr. William Hawkins (President)
Mr. Preston Howard
Mr. Michael Mitchell
Ms. Gloria Scharre Pitzer (Vice President)
Ms. Clara Potes-Fellow

Ms. Estela Richeda
Mr. R.C. Schrader
Mr. Don Schweitzer (Secretary)
Dr. Jack Scott
Ms. Phyllis Specht
Mr. Chuck Stanislawski
Mr. Gregory Sun
Mr. Ladd Thomas
Dr. Rajen Vurdien

Board of Directors Absent:

Mr. Jon Fuhrman
Mr. John Gregory
Dr. Stephen Kanter
Ms. Susan Kinney
Dr. James Kossler

Ms. Sandi Mejia Ramirez
Ms. Diane Rankin
Mr. Jim Sarni (Past President)
Mr. Wade Winter (Treasurer)

Board of Trustees Liaisons:

Mr. Hoyt Hilsman (Absent)
Ms. Sandra Chen Lau

Advisory Members Present:

Ms. Bobbie Moon
Mr. William Opel

Foundation Staff Present:

Ms. Bobbi Abram, Executive Director
Ms. Kris McPeak, Director of Operations
Ms. Dolores Ybarra, Development Manager

Guest(s):

Ms. Nancy Davis

II. OPEN SESSION

A. PUBLIC COMMENT ON NON-AGENDA ITEMS

Mr. Hawkins called Mr. Don Schweitzer, Secretary, to the podium to give details regarding the upcoming scholarship ceremony on December 7, 2018 in the Sexson Auditorium. Mr. Schweitzer encouraged board members to volunteer and attend the ceremony.

B. ACTION ITEMS

1. Approval of Minutes of June 19, 2018 Annual and Quarterly Board Meeting.

MOTION: **ON MOTION OF** Ms. Specht and seconded by Dr. Goldmann, the Board voted by unanimous vote of the nineteen members present (Bell, Chan, Dattola, Goldmann, Grahn, Hawkins, Howard, Mitchell, Scharre-Pitzer, Potes-Fellow, Richeda, Schrader, Schweitzer, Scott, Specht, Stanislawski, Sun, Thomas, Vurdien) to approve the minutes of June 19, 2018 Annual and Quarterly Board Meeting.

2. Approval of Financial Report and 2018-2019 Budget.
In the absence of the Treasurer, Ms. Abram, Executive Director presented the financial report and the 2018-2019 budget.

MOTION: **ON MOTION OF** Mr. Howard and seconded by Dr. Goldmann, the Board voted by unanimous vote of the nineteen members present (Bell, Chan, Dattola, Goldmann, Grahn, Hawkins, Howard, Mitchell, Scharre-Pitzer, Potes-Fellow, Richeda, Schrader, Schweitzer, Scott, Specht, Stanislawski, Sun, Thomas, Vurdien) to approve the Financial Report and 2018-2019 Budget.

3. Approval of Resolution to Amend Articles of Incorporation.
Mr. Schweitzer presented the Resolution to Amend the Articles of Incorporation to the board and review the background about the article. The board had a discussion regarding the need to support this initiative.

MOTION: **ON MOTION OF** Dr. Goldmann and seconded by Ms. Specht, the Board voted by unanimous vote of the nineteen members present (Bell, Chan, Dattola, Goldmann, Grahn, Hawkins, Howard, Mitchell, Scharre-Pitzer, Potes-Fellow, Richeda, Schrader, Schweitzer, Scott, Specht, Stanislawski, Sun, Thomas, Vurdien) to approve the Resolution to Amend Articles of Incorporation.

4. Approval of two new members, Ralph Frammolino and Ryan Newman, to the Board of Directors.
Mr. Howard presented the two nominees to the board for membership.

MOTION: **ON MOTION OF** Mr. Howard and seconded by Mr. Thomas, the Board voted by unanimous vote of the nineteen members present (Bell, Chan, Dattola, Goldmann, Grahn, Hawkins, Howard, Mitchell, Scharre-Pitzer, Potes-Fellow, Richeda, Schrader, Schweitzer, Scott, Specht, Stanislawski, Sun, Thomas, Vurdien) to approve two new members, Ralph Frammolino and Ryan Newman, to the Board of Directors.

I. REPORTS

A. COLLEGE PRESIDENT'S REPORT

Dr. Vurdien stated fourth week of classes is going well and at the moment there are about 29,300 students enrolled. 61% of those students are full time, 4,739 of those are first time college students and 469 are high school students.

Dr. Vurdien announced the Pathways Program has won an award for bridging the equity gap and ensuring that all students perform at a satisfactory level.

He also invited board members to visit the Veteran's Resource Center to witness all the efforts and work that has gone into the center.

Dr. Vurdien updated the committee on current projects on campus such as the creation of the Career Center that is in the planning process. He noted the L building/Student Services Center will be renovated to create a "one-stop shop" for student needs. The E building will be reopened this fall with new labs.

Dr. Vurdien noted that the college has a requirement to fill 447 full time faculty positions or incur penalty charges. He also noted dual enrollment at Temple City High School will now be offered. He made the announcement that Rosemead Campus now has a shuttle service three times a day from Main Campus.

B. TRUSTEE LIASION REPORT

Ms. Sandra Chen Lau updated the board on the search for the new college president. She informed the board that the Trustees have hired a new search firm and are vetting candidates. Application process closed September 14th. For more information regarding the process Ms. Chen Lau invited the board to visit the website.

Ms. Chen Lau announced approval of \$60 million dollars from the state to replace the Science building, projecting \$9 million additional funding needed from the Foundation. She noted that completion is estimated for 2022.

C. CAMPAIGN PROGRESS REPORT

Dr. Scott updated the board on the campaign noting that it is on track to reach the \$10 million dollar goal. He announced the campaign is currently at \$ 9.5 million and the end date is set for June 2019.

Dr. Scott also informed the committee of the donation to the foundation of the Child Development Center building from the Berger Foundation.

D. EXECUTIVE DIRECTOR'S REPORT

Ms. Abram thanked and recognized the Audit Committee for their work with the auditors and current 2017-2018 audit. They are working to close the audit process by December.

Ms. Abram informed the board of upcoming events including the Hometown Legends Series, Annual Board Dinner, Scholarship Ceremony and Holiday Reception.

II. FUTURE BOARD ACTIVITY DATES

A. Tuesday, December 18, 2018

Board of Directors Meeting – 7:30 a.m., Circadian Room

III. ADJOURNMENT

Mr. Hawkins adjourned the meeting at 8:45 a.m.

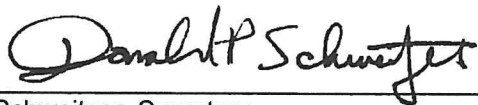
MOTION: **ON MOTION OF** Mr. Howard and seconded by Mr. Goldmann, the Board voted by unanimous vote of the nineteen members present (Bell, Chan, Dattola, Goldmann, Grahn, Hawkins, Howard, Mitchell, Scharre-Pitzer, Potes-Fellow, Richeda, Schrader, Schweitzer, Scott, Specht, Stanislawski, Sun, Thomas, Vurdien) to adjourn the Quarterly Regular Business Meeting held on Tuesday, September 18, 2018.

MOTIONS CARRIED – September 18, 2018

1. To approve the Minutes of June 19, 2018 Annual and Quarterly Board Meeting.
2. To approve Financial Report and 2018-2019 Budget.
3. To approve Resolution to Amend Articles of Incorporation.
4. To approve two new Board Members.
5. To adjourn the Quarterly Regular Business Meeting held on Tuesday, September 18, 2018.

Respectfully submitted,

By: _____



Don Schweitzer, Secretary



VAVRINEK, TRINE, DAY & CO., LLP

Certified Public Accountants

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Board of Directors
Pasadena City College Foundation
Pasadena, California

We have audited the financial statements of Pasadena City College Foundation (the Foundation) (a California nonprofit corporation) for the year ended June 30, 2018, and have issued our report thereon dated December 14, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the 2018 fiscal year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We have evaluated the key factors and assumptions used to develop the estimates in the financial statements in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 14, 2018.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of the Board of Directors and management of Pasadena City College Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Vanneth Tume, Day & Co, LLP

Rancho Cucamonga, California
December 14, 2018

PASADENA CITY COLLEGE FOUNDATION, INC.

(A California Nonprofit Corporation)

**ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2018

(With Comparative Totals for 2017)

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

JUNE 30, 2018 AND 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pasadena City College Foundation, Inc.
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Pasadena City College Foundation, Inc. (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, cash flows, and functional expenses 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 audit. We conducted our audit 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 Foundation'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 Foundation'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 the Foundation as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Foundation as of June 30, 2017, were audited by other auditors whose report dated January 10, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Vannetti, Tuma, Day & Co, LLP

Rancho Cucamonga, California
December 14, 2018

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

With Comparative Totals as of June 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 686,499	\$ 807,661
Accounts receivable	23,498	-
Pledges receivable - current	436,304	315,000
Total Current Assets	<u>1,146,301</u>	<u>1,122,661</u>
Noncurrent Assets		
Investments	24,695,245	23,419,839
Assets held at the Foundation for CA Community College	2,086,155	2,053,466
Pledges receivable noncurrent, net of discount of \$187,749 and \$214,665	2,004,072	2,084,160
Land held for sale	10,850	10,850
Total Noncurrent Assets	<u>28,796,322</u>	<u>27,568,315</u>
Total Assets	<u><u>\$ 29,942,623</u></u>	<u><u>\$ 28,690,976</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	<u>\$ 254,820</u>	<u>\$ 553,337</u>
 NET ASSETS		
Unrestricted	3,012,155	2,160,192
Temporarily restricted	10,355,387	9,200,027
Permanently restricted	16,320,261	16,777,420
Total Net Assets	<u>29,687,803</u>	<u>28,137,639</u>
Total Liabilities and Net Assets	<u><u>\$ 29,942,623</u></u>	<u><u>\$ 28,690,976</u></u>

See the accompanying notes to financial statements.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Contributions	\$ 586,971	\$ 1,098,344	\$ 111,345	\$ 1,796,660	\$ 1,124,285
Grants	-	143,072	-	143,072	50,700
Special events	2,657	-	-	2,657	3,353
Administrative fees	321,368	-	-	321,368	312,618
In-kind donations	43,357	-	-	43,357	46,388
Assets released from restrictions	1,791,200	(1,791,200)	-	-	-
Total Revenues	2,745,553	(549,784)	111,345	2,307,114	1,537,344
EXPENSES					
Program expenses	1,899,864	-	-	1,899,864	1,655,619
Operating expenses	285,710	-	-	285,710	328,621
Fundraising expenses	576,153	-	-	576,153	600,507
Total Expenses	2,761,727	-	-	2,761,727	2,584,747
OTHER INCOME					
Investment income, net of expenses	57,651	394,864	-	452,515	386,567
Realized and unrealized gains from investments	193,596	1,325,977	-	1,519,573	1,662,807
Investment return, FCCC investment	-	32,689	-	32,689	240,916
Total Other Income	251,247	1,753,530	-	2,004,777	2,290,290
TRANSFERS	616,890	(48,386)	(568,504)	-	-
CHANGE IN NET ASSETS	851,963	1,155,360	(457,159)	1,550,164	1,242,887
NET ASSETS, BEGINNING OF YEAR	2,160,192	9,200,027	16,777,420	28,137,639	26,894,752
NET ASSETS, END OF YEAR	<u>\$ 3,012,155</u>	<u>\$ 10,355,387</u>	<u>\$ 16,320,261</u>	<u>\$ 29,687,803</u>	<u>\$ 28,137,639</u>

See the accompanying notes to financial statements.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,550,164	\$ 1,242,887
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Contributions for long-term purposes	(1,352,761)	(943,343)
Investment return, FCCC investment	(128,022)	(240,916)
Realized and unrealized gain on long-term investments	(1,519,573)	(1,662,807)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in accounts receivable	(23,498)	93,544
(Increase)/Decrease in pledges receivable	(41,216)	215,881
Increase/(Decrease) in accounts payable	(298,517)	336,572
Net Cash Flows From Operating Activities	<u>(1,813,423)</u>	<u>(958,182)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from purchases/sales of investments	<u>339,500</u>	<u>(998,894)</u>
Net Cash Flows From Investing Activities	<u>339,500</u>	<u>(998,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted for long-term purposes	<u>1,352,761</u>	<u>943,343</u>
Net Cash Flows From Financing Activities	<u>1,352,761</u>	<u>943,343</u>
NET CHANGE IN UNRESTRICTED CASH AND CASH EQUIVALENTS	(121,162)	(1,013,733)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>807,661</u>	<u>1,821,394</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 686,499</u></u>	<u><u>\$ 807,661</u></u>

See the accompanying notes to financial statements.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	2018				2017
	Program	Operating	Fundraising	Total	Total
Salaries and benefits	\$ 12,205	\$ 97,639	\$ 93,571	\$ 203,415	\$ 438,800
In-kind donations	43,357	-	-	43,357	46,388
Scholarships and grants	1,190,237	-	-	1,190,237	1,012,980
Program expenses - agency	256,264	-	-	256,264	170,201
Program expenses - grants	23,241	-	-	23,241	43,770
Program expenses - other	12,334	-	-	12,334	3,320
Professional services - accountant	4,213	79,038	8,334	91,585	79,202
Professional services - other	-	37,506	-	37,506	7,495
Advertising and promotion	24,087	-	48,571	72,658	45,922
Office expenses	-	51,170	-	51,170	38,229
Conferences and meetings	12,558	-	-	12,558	-
Contract services	-	-	3,852	3,852	2,298
Special events	-	-	12,270	12,270	8,229
Major gift campaign	-	-	409,555	409,555	347,213
Administrative fee	321,368	-	-	321,368	312,618
Miscellaneous operating expenses	-	20,357	-	20,357	28,082
TOTAL EXPENSES	\$ 1,899,864	\$ 285,710	\$ 576,153	\$ 2,761,727	\$ 2,584,747

See the accompanying notes to financial statements.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Pasadena City College Foundation, Inc. (the Foundation) was formed on November 19, 1979, as a nonprofit public benefit corporation. The Foundation was organized to operate for the advancement of education and to provide financial support to students and various programs at Pasadena Area Community College District (the District) and to provide a link between the District and the community.

The Foundation affects two levels of the District by providing 1) scholarships to students and 2) special funding to support departments and programs of the District.

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. 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 District are financial 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 District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Fair Value Measurements

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. The fair value of investments in partnerships and real estate held as investments is estimated using private valuations of the securities or properties held. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

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: unrestricted, temporarily restricted, or permanently restricted. The Foundation reports gifts of goods and equipment as unrestricted support 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 unrestricted.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution is made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Donated Services, Goods, and Facilities

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 since there is no readily determined method of valuing the services.

The Foundation records the value of donated services when there is an objective basis available to measure their value. Donated services are recorded at market value when a specialized skill is provided that would have otherwise been purchased or paid. See Note 10 for additional disclosure.

In-Kind Donations

The Foundation receives donations of non-cash items, such as equipment, from various businesses and foundations. This equipment is integral to the training and education programs provided by the District and is passed through directly to the District for use in the educational programs. Donated items with a value of less than \$5,000 are recorded at the donor's estimated value. When the value of the equipment has not been substantiated by appraisal reports, it is not included within the financial statements as support or expense. The donations have benefited the following programs:

- Art Gallery
- Auto Technology
- Dental Assisting
- Performing Arts
- Student Services - Food Pantry
- Visual Arts and Media Studies

Administration Fee

The Foundation serves the District campus clubs, departments, and organizations by managing funds for scholarships and other purposes to promote education. In accordance with the fund management service policy, funds are assessed an annual management fee of one and a half percent of the fund's balance at the beginning of each fiscal year to cover the stewardship and administrative expenses. This fee is recognized as unrestricted income.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

Cash and cash equivalents for the purposes of the statement of cash flows consist of unrestricted cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. At June 30, 2018, management had determined all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Pledges Receivable

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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are greater than \$50,000 and due in more than one year are recognized at fair value using present value techniques at the U.S. Treasury Bill discount rate. Amortization of the discount is included in contribution revenue.

The Foundation has net pledges receivable for unconditional promises to give in the amount of \$2,440,376 and \$2,399,160 at June 30, 2018 and 2017, respectively. Management has reviewed the collectability of these pledges and determines the balances to be fully collectable. A plan to regularly evaluate pledges receivable and the potential collectability is in place and reviewed throughout the year.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investment income (interest and dividends) is included in the change in net assets from operations unless the income or loss is restricted by donor or law.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Accounts Payable

Accounts payable consists of amounts due to vendors, but not yet disbursed during the fiscal year.

Income Taxes

The Foundation is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California State provisions. 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 has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (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, 2015, 2016, and 2017, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2014, 2015, 2016, and 2017, are open to audit by State authorities.

Advertising

The Foundation policy is to expense advertising costs as incurred.

Allocation of Functional Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs, support services, and fundraising activities benefited.

Comparative Totals

The financial statements and notes include certain prior-year summarized comparative information in total, but not by net assets class. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2017. Certain amounts presented in the prior year may have been reclassified in order to be consistent with the current year's presentation.

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (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, 2019.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Foundation has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Foundation will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 2 - CONCENTRATION OF RISK

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation Investment Committee and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation occasionally has a need to maintain cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC). The following amounts were uninsured as of June 30, 2018 and 2017, \$541,997 and \$0, respectively.

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Investments

Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets are gifts of cash and securities restricted by donors in ways that permit only the earnings to be used for specific programs, scholarships, and general operations of the Foundation. Temporarily restricted net assets are gifts of cash or securities whose use is restricted to the accomplishment of a purpose or the passage of time. As restrictions on the net assets expire and the net assets become available for expenditure, the funds are released to either temporarily restricted net assets or unrestricted net assets as applicable.

Temporary restrictions on net assets at the end of 2018 and 2017 are related to scholarship and educational program funds, as well as funds raised through the Major Gifts Campaign. Temporarily restricted net assets at June 30, 2018 and 2017, are \$10,355,387 and \$9,200,027, respectively. Permanently restricted fund assets at June 30, 2018 and 2017, are \$16,320,261 and \$16,777,420, respectively.

NOTE 4 - PLEDGES RECEIVABLE

Unconditional pledges consist of the following at June 30:

	2018	2017
Unconditional pledges - less than one year	\$ 436,304	\$ 315,000
Unconditional pledges - one to five years	2,191,821	2,298,825
Less: Unamortized discount	(187,749)	(214,665)
Net Unconditional Pledges	<u>\$ 2,440,376</u>	<u>\$ 2,399,160</u>

Pledges to give that are due in more than one year are recognized at fair value using present value techniques and a U.S. Treasury Bill discount rate of 1.41 percent.

NOTE 5 - ASSETS HELD FOR SALE

The Foundation was granted four lots of land located in White Mountain Lakes, Arizona. The fair value at the time of the donation was \$10,850. The Foundation has held this land as an investment; however, the Foundation intends to liquidate these assets. As of June 30, 2018 and 2017, the fair value is \$10,850.

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Level III has been assigned to the fair value of this investment. The fair value measurement for Level III is determined by the Foundation's own assumptions about market participation, including assumptions about risk, which are developed based on the best information available in the circumstances. Listing prices, obtained from a third party, reflect a fair value of approximately \$74,000; however, management has chosen to recognize this change in value when realized due to economic uncertainties.

NOTE 6 - INVESTMENTS

Investment income is presented at fair value in the financial statements and are composed of the following at June 30:

	2018	2017
Investment income, net of expenses of \$120,435 and \$106,293, respectively	\$ 452,515	\$ 386,567
Net unrealized gain	471,604	1,382,063
Net realized gain	1,047,969	280,744
Net realized and unrealized gains	1,519,573	1,662,807
Total	\$ 1,972,088	\$ 2,049,374

NOTE 7 - ASSETS AND LIABILITIES RECORDED AT FAIR VALUE ON A RECURRING BASIS

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in the Statement of Financial Accounting Standards, ASC Topic 820, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard 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 I assets and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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. This category generally includes long-term pledges receivable and other assets where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

PASADENA CITY COLLEGE FOUNDATION, INC.
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Assets Recorded at Fair Value on a Recurring Basis

The following tables present the balances of the assets measured at fair value on a recurring basis as of June 30:

	2018		2017	
	Original Cost Basis	Fair Value	Original Cost Basis	Fair Value
Level I				
U.S. Treasuries - fixed income account	\$ 2,828,019	\$ 2,824,556	\$ 1,664,314	\$ 1,685,016
Equities	9,438,078	12,847,149	9,984,433	13,077,178
Bond - mutual funds	778,329	734,726	754,973	726,323
Equities - mutual funds	3,673,441	4,135,943	3,083,527	3,287,431
Exchange traded funds	316,684	409,425	316,684	352,300
Level II				
CMO and asset backed securities - fixed income account	215,724	215,253	-	-
Corporate bonds - fixed income account	2,253,242	2,240,833	2,778,041	2,834,719
Municipal bonds - fixed income account	1,152,829	1,147,436	1,268,050	1,287,756
Mortgage pools - fixed income account	135,284	139,924	158,378	169,116
Total Investments	<u>\$ 20,791,630</u>	<u>\$ 24,695,245</u>	<u>\$ 20,008,400</u>	<u>\$ 23,419,839</u>

The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2018 and 2017.

NOTE 8 - INVESTMENT WITH FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES (FCCC)

The Foundation has entered into a partnership arrangement with the California Community Colleges Scholarship Endowment (CCCSE) through the Foundation for California Community Colleges (FCCC). The FCCC has an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the CCCSE's assets.

The Foundation has transferred a total of \$1,791,211 to the FCCC for Osher Scholarships and a donation of \$20,000 was made on the Foundation's behalf for Jack Scott Scholarships. These funds are invested in a pooled investment fund held by the FCCC (Level I). At June 30, 2018, the fair value of these investments totaled \$2,086,155, which consisted of cash of \$104,307, equity securities of \$1,439,447, and fixed income instruments of \$542,401. A net investment gain of \$128,022 was recognized during the year ended June 30, 2018. At June 30, 2017 the fair value of these investments totaled \$2,053,466, which consisted of cash of \$102,673, equity securities of \$1,334,753, and fixed income instruments of \$616,040. A net investment gain of \$240,916 was recognized during the year ended June 30, 2017.

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

The FCCC net assets as of June 30:

	2018			2017
	Temporarily Restricted	Permanently Restricted	Total	Total
Osher Scholarships	\$ 268,256	\$ 1,791,211	\$ 2,059,467	\$ 2,027,662
Jack Scott Scholarships	6,688	20,000	26,688	25,804
FCCC Net Assets, End of Year	<u>\$ 274,944</u>	<u>\$ 1,811,211</u>	<u>\$ 2,086,155</u>	<u>\$ 2,053,466</u>

Changes in the FCCC net assets as of June 30:

	2018			2017
	Temporarily Restricted	Permanently Restricted	Total	Total
FCCC net assets, beginning of year	\$ 242,255	\$ 1,811,211	\$ 2,053,466	\$ 1,915,950
Investment return:				
Investment income, net of expenses	33,712	-	33,712	36,742
Net realized and unrealized gain	94,310	-	94,310	204,174
Total investment return	<u>128,022</u>	<u>-</u>	<u>128,022</u>	<u>240,916</u>
Disbursements				
Fund distributions	(95,333)	-	(95,333)	(103,400)
Total disbursements	<u>(95,333)</u>	<u>-</u>	<u>(95,333)</u>	<u>(103,400)</u>
Change in FCCC Net Assets	<u>32,689</u>	<u>-</u>	<u>32,689</u>	<u>137,516</u>
FCCC Net Assets, End of Year	<u>\$ 274,944</u>	<u>\$ 1,811,211</u>	<u>\$ 2,086,155</u>	<u>\$ 2,053,466</u>

The CCCSE was set up to provide matching scholarship funds for California community colleges. The CCCSE was formed through a \$50 million matching commitment from the Osher Foundation and an initial contribution of \$25 million. The CCCSE began to distribute scholarship funding from the initial \$25 million gift to each participating community college in the 2009-2010 year. The allocation is based on each college's full time equivalent students (FTES) and each scholarship will be valued at \$1,000 for a school year. For the year ended June 30, 2018, the Foundation received \$172,700, including \$94,600 in fund distributions from investment returns from the Osher Scholarship Fund and \$1,100, including \$733 in fund distributions from investment returns from the Jack Scott Scholarship Fund. For the year ended June 30, 2017, the Foundation received \$182,600, including \$102,667 in fund distributions from investment returns, from the Osher Scholarship Fund and \$1,100, including \$733 in fund distributions from investment returns from the Jack Scott Scholarship Fund.

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 - ENDOWMENTS

The Foundation's endowments consist of an endowment established for scholarship purposes (the Foundation Endowment) and participation in the CCCSE through the FCCC as described at Note 8. As such, the endowment activity in FCCC has not been included in the following disclosures. The Foundation Endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (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.

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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation 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:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy which actively safeguards the assets while maintaining some growth to ensure the donations will provide a benefit to the college and its student population. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to prudently invest in financial instruments which provide a reasonable measure of principal stability. Actual returns in any given year may vary from this amount.

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation targets a diversified asset allocation within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy which makes four percent of the moving average balance or total assets available annually for spending.

Changes in the Foundation endowment net assets as of June 30:

	2018				2017
	Unrestricted	Temporary Restricted	Permanently Restricted	Total	Total
Foundation Endowment					
Net Assets, Beginning of Year	\$ (61,343)	\$ 6,542,266	\$ 12,630,874	\$ 19,111,797	\$ 17,607,707
Investment return:					
Investment income, net of expenses	-	377,586	-	377,586	381,354
Net realized and unrealized gain	-	1,267,957	-	1,267,957	1,266,547
Total Investment return	-	1,645,543	-	1,645,543	1,647,901
Contributions	-	-	111,345	111,345	479,434
Other Changes:					
Administration service fee	-	(286,282)	-	(286,282)	(265,955)
Transfer of funds	19,220	(19,220)	(568,504)	(568,504)	-
Agency expense	-	(70,637)	-	(70,637)	(56,773)
Scholarships paid	-	(409,769)	-	(409,769)	(300,517)
Total Other Changes	19,220	(785,908)	(568,504)	(1,335,192)	(623,245)
Foundation Endowment					
Net Assets, End of Year	\$ (42,123)	\$ 7,401,901	\$ 12,173,715	\$ 19,533,493	\$ 19,111,797

PASADENA CITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature totaling (\$42,123) and (\$61,343) as of June 30, 2018 and 2017, respectively, is reported in unrestricted net assets in accordance with GAAP. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Foundation provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as distributions, student programs, and scholarship expense. The District provides office space and other support to the Foundation. The value of this support has not been calculated and is not reflected within these financial statements.

The Foundation is recognized as an auxiliary organization under California *Education Code* and has a signed master agreement with the District. Working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The value of donated facilities has not been determined and is therefore not included in the financial statements; however, management does not believe the amount to be material.

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$1,791,200 and \$1,535,536, were released from temporary donor restrictions during the years ended June 30, 2018 and 2017, respectively.

NOTE 12 - TRANSFERS

During the 2017-2018 fiscal year, various transfers were done to properly classify the funds based on management and donors intend along with Board of Trustees approval on the permanently restricted transfers.

NOTE 13 - SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 14, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

From: Alexander Boekelheide
Sent: Wednesday, December 12, 2018 8:21 PM
To: Alexander Boekelheide
Subject: Board of Trustees meeting report, December 12, 2018

Hello:

In an effort to help our community stay informed about actions taken during governance meetings, I'm pleased to share a report from the most recent meeting of the Pasadena Area Community College District Board of Trustees.

- Following its closed session, the board officially confirmed that it expects to hire Erika Endrijonas, Ph.D., as PCC's 16th superintendent/president, subject to mutual agreement on an employment contract.
- The board accepted the external auditor's report for the 2018 fiscal year. In his remarks before the board, Rick Alonzo of Vavrinek, Trine, Day & Co., LLP, reported that both the district's financial reports and its compliance with state and federal requirements demonstrated "the highest level of assurance" that the district's financial statements were sound and complete.
- A set of changes to the credit and noncredit curriculum were approved by the board.
- Student trips to Central California, Washington, D.C., Running Springs, and San Diego were approved by the board.
- Two state grants, each of more than \$200,000, were officially accepted by the board to enhance mental health training and food programs for students.
- The board awarded a contract of nearly \$350,000 to Benyon Sports Surfaces to support the renovation and resurfacing of the playing field at Robinson Stadium.
- Professors Deborah Bird, Brian Kennedy, Michelle Lee, Melissa Michelson, Cindy Phu, Teresa Trendler, and John Tyberg will take sabbatical leave during the 2019-20 academic year following action taken by the board tonight.
- Dr. Vurdien announced that Dr. Richard Storti will be leaving the college in January to accept a new position as deputy chancellor of the West Hills Community College District.
- A revised salary schedule for unclassified employees, reflecting increases in the minimum wage that are set to take effect on Jan. 1, was approved by the board.
- The board approved a number of personnel actions:
 - In his superintendent/president's report, Dr. Vurdien highlighted two decanal appointments: Dr. Julie Kiotas as dean of Business, Engineering, and Technology, and Dr. Martha House as interim dean of Natural Sciences. Kiotas takes the place of Dr. Sonia Wurst, who has been serving on an interim basis since April. House succeeds Dr. David Douglass, who will retire at the beginning of the new year.
 - The college welcomed Jennifer Flores as disabled students programs and services counselor at the Foothill Campus/CEC.
 - The board accepted the retirement of James Arnwine (as dean of performing and communication arts after 33 years of service), David Douglass (as dean of natural sciences after 31.5 years of service), Enrique Orozco (after 46.5 years of service as a professor of social sciences), Richard Slocum (after 31 years of instruction, most recently at the Foothill Campus/CEC), and Christopher Strinden (after 22 years of service as a professor of math and computer science).

If you'd like to know more, you can access the [full board packet](#) (click "Dec 12, 2018" under the "Meetings" tab) from the meeting online. Video of the meeting is also available on [our YouTube channel](#).

The next regularly scheduled board business meeting will be Wednesday, January 16, at 6 p.m., in Creveling Lounge.

Thank you,

Alex Boekelheide

--

Alex Boekelheide Executive Director



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Pasadena City College Foundation
Fund Balances & Performance

	Market Value (\$)		Performance (%) - thru 11/30/2018	
	11/30/2018	10/31/2018	YTD Return	Last FY
Foundation Funds - Short-term				
Charles Schwab	69,360.56	67,328.35	-2.0%	n.a.
Bank of the West - General	547,307.78	640,062.66		-2.4%
Bank of the West - Special Projects	6,131.94	6,010.44		
Bank of the West - Debit	10,594.34	7,355.29		
Bank of the West - Merchant	107,273.48	52,518.53		
Bank of the West - Money Market	100.00	100.00		
	740,768.10	773,375.27		
Foundation Funds - Long-term				
Charles Schwab	24,696,599.00	24,432,961.89	0.4%	9.3%
Osher Scholarship Funds*	2,086,155.68	1,791,210.42		-0.7%
	26,782,754.68	26,224,172.31		
	27,523,522.78	26,997,547.58		
Total Funds		27,528,422.19		

* Value provided by 3rd party sources

Long-term Funds^ - Manager Performance
Fund Balances & Performance

	Market Value (\$)		Performance (%) - thru 11/30/2018	
	11/30/2018	10/31/2018	YTD Return	Last FY
Cash & Equivalents				
Long-term	479,392.65	483,028.74	2.9%	n.a.
Stocks				
Clifford Swan Investment Counsel	13,061,080.23	12,936,733.48	3.1%	15.0%
Glennede Small Cap	408,256.33	398,710.52	-2.0%	14.7%
iShares Russell 2000	381,550.00	375,075.00	1.0%	17.6%
Matthews Pacific Tiger	974,501.67	923,551.77	-9.3%	10.3%
MFS International Value Fund	1,069,660.59	1,069,981.61	-4.6%	9.0%
Oppenheimer Developing Mkts	950,131.03	905,083.81	-9.1%	12.5%
	16,865,179.85	16,609,136.19	0.6%	13.4%
Fixed Income				
Clifford Swan Investment Counsel	6,140,976.02	6,122,185.52	0.0%	-0.4%
Doubleline Total Return	485,271.60	482,289.36	0.4%	1.1%
Vanguard Inflation-Protected Sec Fund	247,416.10	246,413.19	-1.9%	1.9%
	6,873,663.72	6,850,888.07	-0.1%	-0.3%
Alternatives				
DWS Enhanced Commodity Strategy	231,694.72	243,013.80	-11.5%	8.31
Franklin K2 Alternative Strategy Fund	124,450.79	124,121.27	0.0%	3.92
Principal Global Multi-Strategy Fund	122,217.27	122,773.82	-2.8%	1.54
	478,362.78	489,908.89	-7.5%	4.02
Total Funds	24,696,599.00	24,432,961.89		

^ excluding Osher Scholarship Funds

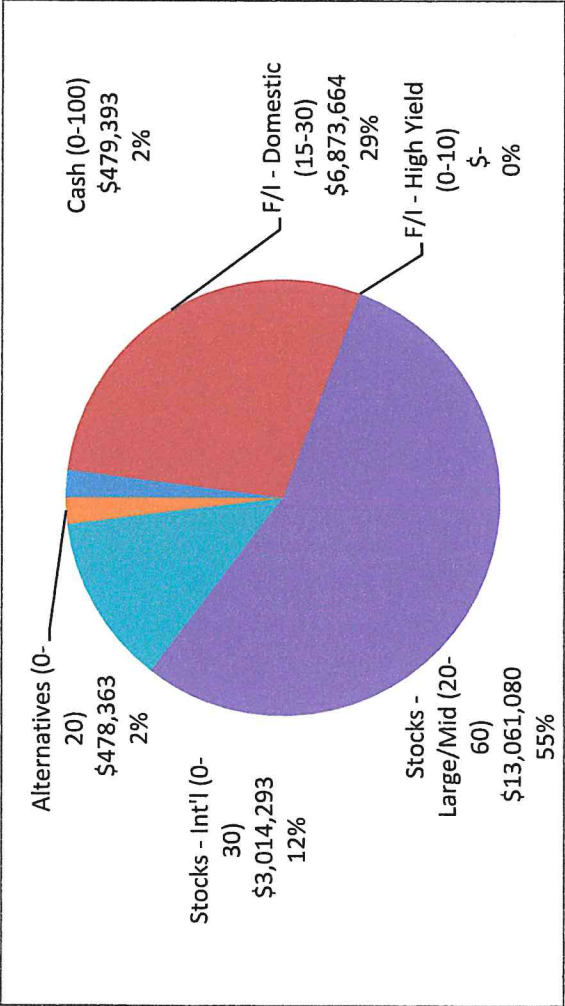
* Performance figures are time weighted rate of return (annualized for periods greater than 1 year). These figures are gross of fees with the exception of mutual funds which are net of fees.

Pasadena City College Foundation
Asset Allocation

Foundation Asset Balance: \$27,523,522.78

Long-term Funds - Schwab*

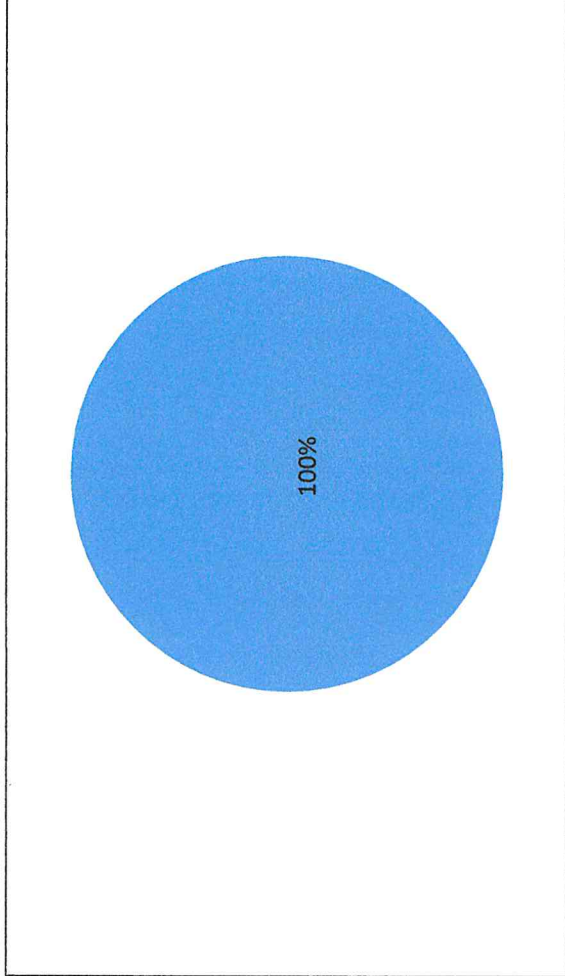
Fund Balance: \$24,696,599.00



* excluded Osher Scholarships

Short-term Funds

Fund Balance: \$740,768.10



Pasadena City College Foundation

November 30, 2018

Summary

Income Statement

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Operating Revenue	\$47,613	\$0	\$0	\$47,613
Program Revenue	-	860,662	181,425	1,042,087
Administrative Fee Revenue	331,497	-	-	331,497
Investment Income	(24,606)	(209,801)	-	(234,407)
Total Revenues	354,504	650,860	181,425	1,186,789
Expenses				
Program Expenses	36,802	761,385	-	798,187
General and Administrative	120,944	-	-	120,944
Development Expenses	109,416	-	-	109,416
Total Expenses	267,162	761,385	-	1,028,547
Transfers				
Transfer from other funds	(108)	(341,983)	(45,000)	(387,091)
Transfer to other funds	40,108	258,166	88,817	387,091
Total Transfers	40,000	(83,817)	43,817	-
BEGINNING FUND BALANCE	2,802,959	9,050,565	18,021,955	29,875,479
NET SURPLUS/(DEFICIT)	47,342	(26,707)	137,608	158,242
ENDING FUND BALANCE	\$ 2,850,301	\$ 9,023,858	\$ 18,159,563	\$ 30,033,721

Balance Sheet

	Unrestricted 11/30/2018	Temporarily Restricted 11/30/2018	Permanently Restricted 11/30/2018	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 116,741	\$ 662,547	\$ 1,958	\$ 781,246
Accounts Receivable	59,311	35,545	167,200	262,056
Total Current Assets	176,052	698,092	169,158	1,043,302
Long Term Assets				
Investments	2,568,899	8,020,545	16,007,805	26,597,248
Lots in Arizona	10,850	-	-	10,850
Pledges Receivable Long Term	94,500	305,221	1,982,600	2,382,321
Total Long Term Assets	2,674,249	8,325,766	17,990,405	28,990,419
Total Assets	2,850,301	9,023,858	18,159,563	30,033,721
Liabilities and Fund Balance				
Fund Balance	2,850,301	9,023,858	18,159,563	30,033,721
Total Liabilities and Fund Balance	\$ 2,850,301	\$ 9,023,858	\$ 18,159,563	\$ 30,033,721

Pasadena City College Foundation
Income Statement
November 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Operating Revenue				
Donations	\$ 47,613	\$ -	\$ -	\$ 47,613
Total Operating Revenue	47,613	-	-	47,613
Program Donations				
Agency	-	291,889	200	292,089
Scholarship	-	568,773	181,225	749,998
Total Program Donations	-	860,662	181,425	1,042,087
Administrative Fee Revenue				
Administrative Fee	331,497	-	-	331,497
Total Administrative Fee Revenue	331,497	-	-	331,497
Investment Income				
Investment Income	(17,612)	(158,508)	-	(176,120)
Investment Management Fees	(6,994)	(51,293)	-	(58,287)
Total Investment Income	(24,606)	(209,801)	-	(234,407)
Total Revenues	354,504	650,860	181,425	1,186,789
Expenses				
Program Expenses				
Personnel Expenses	3,917	-	-	3,917
Program Support				
Scholarships	-	236,939	-	236,939
Agency	-	192,948	-	192,948
Total Program Support	-	429,887	-	429,887
Operating Expenses				
Administrative Fee	-	331,497	-	331,497
Community Involvement	26,373	-	-	26,373
Discretionary Fund	905	-	-	905
Conference and Seminar	1,112	-	-	1,112
Foundation Meetings	1,839	-	-	1,839
Consulting Fees	2,656	-	-	2,656
Total Operating Expenses	32,885	331,497	-	364,382
Total Program Expenses	36,802	761,385	-	798,187
General and Administrative				
Personnel Expenses	28,768	-	-	28,768
Operating Expenses				
Accounting Fees	54,250	-	-	54,250
Consulting Fees	24,226	-	-	24,226
Office Supplies	1,418	-	-	1,418

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Postage	7	-	-	7
Computer Software and Equipment	2,354	-	-	2,354
Office Interior	51	-	-	51
Photocopier Lease	1,082	-	-	1,082
Legal Fees	125	-	-	125
Bank Fees	291	-	-	291
Miscellaneous	20	-	-	20
Subscriptions	619	-	-	619
Audit Fees	6,570	-	-	6,570
Travel	654	-	-	654
Software Training	510	-	-	510
Total Operating Expenses	92,176	-	-	92,176
Total General and Administrative	120,944	-	-	120,944

Development Expenses

Personnel Expenses	23,847	-	-	23,847
Fundraising Expenses				
Computer Software and Equipment	13,142	-	-	13,142
Advertising	2,835	-	-	2,835
Donor Cultivation	306	-	-	306
Annual Dinner	1,501	-	-	1,501
Memberships	1,211	-	-	1,211
Software Training	813	-	-	813
Major Gifts Operational	17,562	-	-	17,562
Major Gifts Campaign Campaign Director	48,200	-	-	48,200
Total Fundraising Expenses	85,569	-	-	85,569
Total Development Expenses	109,416	-	-	109,416
Total Expenses	267,162	761,385	-	1,028,547

Transfers

Transfers In

Transfer from other funds	(108)	(341,983)	(45,000)	(387,091)
Total Transfers In	(108)	(341,983)	(45,000)	(387,091)

Transfers Out

Transfer to other funds	40,108	258,166	88,817	387,091
Total Transfers Out	40,108	258,166	88,817	387,091

Total Transfers

40,000	(83,817)	43,817	-
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BEGINNING FUND BALANCE

2,802,959	9,050,565	18,021,955	29,875,479
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NET SURPLUS/(DEFICIT)

47,342	(26,707)	137,608	158,242
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ENDING FUND BALANCE

\$ 2,850,301	\$ 9,023,858	\$ 18,159,563	\$ 30,033,721
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Pasadena City College Foundation
Balance Sheet
November 30, 2018

	UR	TR	PR	Actual
Assets				
Current Assets				
Cash and Cash Equivalents				
BOW 635 Operating	\$ 35,405	\$ 366,997	\$ -	\$ 402,402
BOW 643 Savings	100	-	-	100
BOW 627 Special Projects	6,010	-	-	6,010
BOW 619 Net Community	30,997	74,319	1,958	107,273
BOW 544 Debit Card	10,594	-	-	10,594
CS MM-335	-	185,506	-	185,506
CS MM-932	33,635	35,725	-	69,361
Total Cash and Cash Equivalents	116,741	662,547	1,958	781,246
Accounts Receivable				
Pledges Receivable Current	58,433	35,545	167,200	261,178
Holding	877	-	-	877
Total Pledges Receivable	59,311	35,545	167,200	262,056
Total Current Assets	176,052	698,092	169,158	1,043,302
Long Term Assets				
Investments				
CS Inv 335	2,568,899	7,745,600	14,196,595	24,511,093
Osher Funds	-	274,945	1,811,210	2,086,155
Total Investments	2,568,899	8,020,545	16,007,805	26,597,248
Lots in Arizona	10,850	-	-	10,850
Pledges Recievable Long Term	94,500	305,221	1,982,600	2,382,321
Total	105,350	305,221	1,982,600	2,393,171
Total Assets	2,850,301	9,023,858	18,159,563	30,033,721
Liabilities and Fund Balance				
Fund Balance				
Unrestricted Fund Balance	2,850,301	-	-	2,850,301
Temp Restricted Fund Balance	-	9,023,858	-	9,023,858
Perm Restricted Fund Balance	-	-	18,159,563	18,159,563
Total Fund Balance	2,850,301	9,023,858	18,159,563	30,033,721
Total Liabilities and Fund Balance	\$ 2,850,301	\$ 9,023,858	\$ 18,159,563	\$ 30,033,721

Pasadena City College Foundation
Unrestricted Budget
November 30, 2018

	Total Budget 6/30/2019	YTD Budget 11/30/2018	YTD Actual 11/30/2018	YTD Budget Variance
Revenues				
Operating Revenue				
Donations	\$ 260,000	\$ 108,333	\$ 47,613	\$ (60,721)
Board Designated Athletic Field - Retained Earnings	300,000	125,000	-	(125,000)
Promise Program - Retained Earnings	100,000	41,667	-	(41,667)
Contracted Funds From SCPR	300,000	125,000	-	(125,000)
Total Operating Revenue	960,000	400,000	47,613	(352,387)
Administrative Fee Revenue				
Administrative Fee	328,346	136,811	331,497	194,686
Total Administrative Fee Revenue	328,346	136,811	331,497	194,686
Investment Income				
Investment Income Allocation	90,000	37,500	(24,606)	(62,106)
Total Investment Income	90,000	37,500	(24,606)	(62,106)
Total Revenues	1,378,346	574,311	354,504	(219,807)
Expenses				
Program Expenses				
Personnel Expenses	15,443	6,435	3,917	2,517
Operating Expenses				
Community Involvement	20,000	8,333	26,373	(18,039)
Discretionary Fund	3,000	1,250	905	345
Conference and Seminar	3,000	1,250	1,112	138
Foundation Meetings	6,000	2,500	1,839	661
Awards and Recognition	2,000	833	-	833
Consulting Fees	20,000	8,333	2,656	5,677
Printing Expense	25,000	10,417	-	10,417
Postage	5,000	2,083	-	2,083
Events	5,000	2,083	-	2,083
Advertising	15,000	6,250	-	6,250
Promise Program	100,000	41,667	-	41,667
Athletic Field	300,000	125,000	-	125,000
Total Operating Expenses	504,000	210,000	32,885	177,115
Total Program Expenses	519,443	216,434	36,802	179,632
General and Administrative				
Personnel Expenses	166,040	69,183	28,768	40,416
Operating Expenses				
Accounting Fees	130,000	54,167	54,250	(83)
Consulting Fees	10,000	4,167	24,226	(20,059)
Office Supplies	3,000	1,250	1,418	(168)
Printing Expense	1,000	417	-	417
Postage	1,000	417	7	410

	Total Budget 6/30/2019	YTD Budget 11/30/2018	YTD Actual 11/30/2018	YTD Budget Variance
Computer Software and Equipment	5,000	2,083	2,354	(271)
Office Interior	5,000	2,083	51	2,033
Photocopier Lease	2,500	1,042	1,082	(40)
Advertising	15,000	6,250	-	6,250
Legal Fees	3,000	1,250	125	1,125
Bank Fees	2,000	833	291	542
Taxes	250	104	-	104
Miscellaneous	2,000	833	20	814
Subscriptions	3,000	1,250	619	631
Audit Fees	15,000	6,250	6,570	(320)
Travel	3,000	1,250	654	596
Software Training	2,000	833	510	323
Total Operating Expenses	202,750	84,479	92,176	(7,697)
Total General and Administrative	368,790	153,662	120,944	32,718
Development Expenses				
Personnel Expenses	114,162	47,567	23,847	23,720
Fundraising Expenses				
Printing Expense	5,000	2,083	-	2,083
Computer Software and Equipment	12,000	5,000	13,142	(8,142)
Advertising	2,000	833	2,835	(2,002)
Miscellaneous	2,000	833	-	833
Travel	1,000	417	-	417
Donor Cultivation	10,000	4,167	306	3,861
Presidents Circle	12,000	5,000	-	5,000
Annual Dinner	12,000	5,000	1,501	3,499
Memberships	4,000	1,667	1,211	456
Database Maintenance	5,000	2,083	-	2,083
Software Training	10,000	4,167	813	3,354
Major Gifts Operational	110,000	45,833	17,562	28,272
Major Gifts Campaign Campaign Director	150,000	62,500	48,200	14,300
Total Fundraising Expenses	335,000	139,583	85,569	54,014
Total Development Expenses	449,162	187,151	109,416	77,734
Total Expenses	1,337,395	557,247	267,162	290,085
Transfers				
Transfers In				
Transfer from other funds	-	-	(108)	108
Total Transfers In	-	-	(108)	108
Transfers Out				
Transfer to other funds	-	-	40,108	(40,108)
Total Transfers Out	-	-	40,108	(40,108)
Total Transfers	-	-	40,000	(40,000)
NET SURPLUS/(DEFICIT)	\$ 40,951	\$ 17,063	\$ 47,342	\$ (469,892)

Pasadena City College
Major Gifts Campaign
As of November 30, 2018

	Budget	YTD Actual	Variance
	2018-2019	2018-2019	
Revenue			
Unrestricted (includes investment income)	276,000	23,007	(252,993)
Restricted (includes investment income)	2,484,000	832,285	(1,651,715)
Restricted Pledges	41,886	201,500	159,614
Unrestricted Pledges	41,886	6,000	(35,886)
TOTAL REVENUE	2,843,772	1,062,792	(1,780,980)
EXPENSES			
Major Gifts	492,524	65,762	426,762
TOTAL EXPENSES	492,524	65,762	426,762
Income Less Expense	\$ 2,351,248	\$ 997,030	\$ (1,354,218)