



**NOTICE OF  
QUARTERLY MEETING  
ALLAN HANCOCK COLLEGE FOUNDATION  
BOARD OF DIRECTORS  
Tuesday, January 23, 2018  
10:45 a.m.**

# Agenda

Santa Maria Country Club  
505 West Waller Lane, Santa Maria, CA 93455

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

#### **OFFICERS**

Valerie Moya Boice  
*President*  
Bob Lotwala  
*Vice President*  
Georgia L. Schragger  
*Secretary*  
Guy Walker  
*Treasurer*

#### **DIRECTORS**

Rebecca Alarcio  
James H. Bray  
Frank Campo  
Michael J. Carroll  
Ed Cora  
Lee-Volker Cox, Ed.D.  
Maggi Daane  
James E. Fields  
Judy Frost  
Tim Harrington  
Margaret S. Hesse  
George Johnson  
Mario Juarez, Esq.  
Robert B. Klug  
Doris T. Lahr  
Tom Lopez  
Robert Manning  
Mary K. Nanning  
Sam Orozco, D.P.A.  
Ken Ostini  
Glenn Owen  
Roger Welt, Ed.D.

#### **EMERITUS DIRECTORS**

Michael L. Gibson  
Ronald L. Thatcher

#### **COLLEGE TRUSTEE REPRESENTATIVES**

Jeffery Hall  
Gregory A. Pensa

#### **COLLEGE REPRESENTATIVES**

Kevin G. Walthers, Ph.D.  
*Superintendent/President*  
Michael Black  
*Associate Superintendent/Vice President,  
Finance and Administration*  
Susan Houghton  
*Executive Director,  
College Advancement*  
Linda Metaxas  
*Faculty*  
Janet Cruz  
*Student*

#### **FOUNDATION STAFF**

Marlyn Cox  
Nancy Gastelum  
Toni McCracken  
Natalie Rucobo

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Notice of Quarterly Meeting  
Allan Hancock College Foundation Board of Directors  
Tuesday, January 23, 2018  
10:45 a.m.  
Santa Maria Country Club, 505 West Waller Lane, Santa Maria, CA 93455

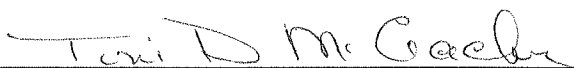
AGENDA

	Page	Time
1) Call to order		10:45 am
2) Roll Call		10:46 am
3) Public Comment <i>Public comment not pertaining to specific agenda items is welcome at this time. If you wish to speak to any item listed, please complete a Request to Speak Card available from the executive director. It is suggested that speakers limit themselves to 5 minutes.</i>		10:47 am
4) Approval of Agenda for January 23, 2018 (ACTION)		10:48 am
5) Approval of Minutes of the November 8, 2017 Quarterly Board Meeting (ACTION)	1-5	10:49 am
6) Governance & Nominations Report A. New Board Member Nominations, Director Resignation, and Board Leadership Transitions effective January 2018 (ACTION) Foundation Board President will welcome new directors, recognize a director resignation, and review changes to board leadership.	6	10:50 am
7) College Trustee Appointments for 2018 (INFORMATION) A. An announcement of the college trustee appointments to the foundation for 2018.	7	10:55 am
8) Finance Committee A. Boyd Funds – Fine Arts Complex Fund Use and Recommendation (ACTION) An update on the Fine Arts Complex and a recommendation on the use of the Boyd Funds.	8-29	10:57 am
B. Endowment Scholarship & Program Funding 2017-2018 (ACTION) A recommendation to accept the 2017-2018 endowment funding proposal.	30	11:03 am
C. Marian Hancock Scholarship Endowment Award for May 2018 (ACTION) A recommendation to increase the Marian Hancock Scholarship to \$10,000 for the May 2018 scholarship program this year.	31	11:05 am

	Page	Time
D. Hancock Promise Endowment Fund – Agreement with Santa Barbara Foundation (ACTION) A discussion and recommendation for the investment manager for the newly created Hancock Promise endowment fund.	32	11:08 am
E. Independent Auditor’s Report Period Ending 06-30-2017 (ACTION) The Foundation audit for the period ending 06-30-2016 is complete and presented for review and approval by the board.	33-50	11:15 am
F. Auditor’s Draft IRS Form 990 Period Ending 06-30-2017 (ACTION) The Foundation’s draft IRS Form 990 will be presented for review and approval by the board.	51	11:20 am
G. Review of Financial Statements (ACTION) A review of Foundation financial statements for the period ending 11/30/2017.	52-57	11:23 am
9) Corporate Resolution No. 2018-01 (ACTION) A. Authorization of Savings, Checking, and Investment Account Signatures As part of its corporate business, the foundation’s board of directors will annually consider a resolution for the authorization of savings, checking, and investment account signatures necessary to conduct its day-to-day business. This resolution is intended to be compliant with the policies of the Allan Hancock Joint Community College District.	58-59	11:30 am
10) 2017 Accomplishments by Foundation Committees (INFORMATION) A. A presentation of accomplishments in 2017 by Foundation Committees.	60	11:35 am
11) 2018 Goals (INFORMATION) A. A discussion of goals for 2018 proposed by staff.	61	11:40 am
12) Committees and Chairs for 2018 (ACTION) A review of foundation committees and chairs for 2018.	62-64	11:50 am
13) Committee Reports A. 40 <sup>th</sup> Gala Anniversary Gala Budget Summary and Recommendation (ACTION)	65	11:55 am
B. Hancock Promise (INFORMATION)	66	12 noon
C. Community Ambassador (INFORMATION)	67	12:10 pm
D. President’s Circle (INFORMATION)	68	12:12 pm

	Page	Time
E. Scholarship A recommendation for the annual scholarship event set for Thursday, May 24, 2018. (ACTION)	69	12:13 pm
14) Oral Reports		12:20 pm
A. Members of the Board of Directors	General Announcements	
B. College Superintendent/President	Dr. Kevin G. Walthers	
C. College Trustee	Mr. Jeffery Hall	
D. PCPA Foundation Representative	Mr. Jim Bray	
E. Faculty Representative	Ms. Linda Metaxas	
F. Student Representative	Ms. Janet Cruz	
15) Next Meeting The next meeting of the board is Thursday, April 26, 2018, starting at 4 p.m.		12:29 pm
16) Adjournment (ACTION) A motion to adjourn the quarterly meeting of the Allan Hancock College Foundation Board of Directors.		12:30 pm

*In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Allan Hancock College Foundation office at (805) 925-2004. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.*

  
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Toni McCracken  
Advancement Officer

ALLAN HANCOCK COLLEGE FOUNDATION  
QUARTERLY MEETING OF THE BOARD  
*Minutes of November 8, 2017*

The quarterly meeting of the Allan Hancock College Foundation (AHCF) Board of Directors was held Wednesday, November 8, 2017 starting at 8:30 a.m. at Allan Hancock College, Boardroom – B100, 800 South College Drive, Santa Maria.

**1. Call to Order**

Foundation President, Valerie Moya Boice, called the meeting to order at 8:30 a.m.

**2. Roll Call**

*Directors Present:* R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, T. Harrington, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, G. Owen, G. Schrage, G. Walker, R. Welt

*Directors Absent:* E. Cora, Trustee J. Hall, M. Juarez, T. Lopez. B. Lotwala, S. Orozco, Trustee G. Pensa, R. Velasco

*College Representatives Present:* S. Houghton, K. Walthers

*College Representative Absent:* M. Black

*Faculty Representative Absent:* L. Metaxas

*Student Representative Absent:* J. Cruz-Reyes

*Foundation Staff Present:* M. Cox, N. Gastelum, T. McCracken, N. Rucobo

*Guest:* Gordon Rivera, Supervisor for Campus Graphics

*Recorder:* T. McCracken

**3. Public Comment**

There was no public comment.

**4. Introduction of Guests**

President Moya Boice introduced and welcomed new board member Tim Harrington.

**5. Approval of Agenda – November 8, 2017**

President Moya Boice called for a motion to approve the agenda.

Motion: On a motion by Director Ostini, seconded by Director Daane, the November 8, 2017 agenda was approved as submitted on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, G. Owen, G. Schrage, G. Walker, K. Walthers, R. Welt / Noes: None / Abstentions: T. Harrington

**6. Approval of Minutes – July 27, 2017, Annual Organizational Board Meeting**

President Moya Boice called for a motion to approve the minutes of the July 27, 2017, annual organizational board meeting.

Motion: On a motion by Director Campo, seconded by Director Lahr, the July 27, 2017 minutes were approved as submitted on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, M. Nanning, K. Ostini, G. Owen, G. Schrager, G. Walker, K. Walthers / Noes: None / Abstentions: V. Moya Boice, T. Harrington, R. Welt

**7. Foundation Committee Charters and Projects 2018**

The *2017 Foundation Committee Charters and Projects* was reviewed with Ms. Houghton noting the 40<sup>th</sup> Gala Committee will sunset. Staff recommends creating a new committee to support the community promotion of the *Hancock Promise*. Staff will update the list and send out to board members to choose their committee for next year. There was a recommendation to include the expiration term for each board member on the committee list.

Motion: On a motion by Director Nanning, seconded by Director Frost, the 2018 Foundation Committee Charters Projects was approved on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, G. Owen, G. Schrager, G. Walker, K. Walthers, R. Welt / Noes: None / Abstentions: T. Harrington

**8. Governance/Nominations Committee Reports – Mario Juarez, Chair**

The Governance/Nominations Committee report was provided by Ms. Houghton in the absence of Mr. Juarez:

*Recommendation to approve New Board Member Nomination* - There is a recommendation to approve the nomination of Timothy Harrington as a director to the Foundation board for an initial one-year term. Mr. Harrington is from Lompoc and has been involved with many non-profit organizations in the Lompoc Valley.

*Board Member Resignation* - The Foundation received a letter of resignation from Brenda Farias Estrada.

*Solicitations for New Board Member Nominations* - The committee continues to seek nominations of new board members from district service areas, including the Santa Ynez Valley. There were suggestions by board members for committee follow-up.

Motion: On a motion by Director Manning, seconded by Director Ostini, the board approved the nomination of Timothy Harrington for an initial one-year term to the Foundation Board of Directors, and approved with regrets the resignation of Brenda Farias Estrada on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, G. Owen, G. Schrager, G. Walker, K. Walthers, R. Welt / Noes: None / Abstentions: T. Harrington

**9. Committee Reports**

***Finance Committee – Guy Walker, Chair***

*Financial Statements* – Director Walker provided the Finance Committee’s report and reviewed the financial statements. There were no questions or comments about the financial statements. President Moya Boice called for a motion to approve the financial statements as submitted.

Motion: On a motion by Director Owen, seconded by Director Walker, the board approved the financial statements as submitted on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, T. Harrington, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, G. Owen, G. Schragger, G. Walker, K. Walthers, R. Welt / Noes: None / Abstentions: None

*Santa Barbara Foundation and the Hancock Promise* – Director Walker reported that he, Dr. Walthers, Ms. Houghton, and Nohemy Ornelas, Vice President for Student Services, provided a presentation to the Santa Barbara Foundation for a \$1.25 million grant supporting the *Hancock Promise*. If approved, the grant funding will support the *Hancock Promise* program over the next five years at \$250,000 per year.

Director Walker reported that the Finance Committee at their next meeting would discuss options for the dollars raised at the 40<sup>th</sup> Gala celebration, and will make a recommendation to the Executive Committee and full board in January.

**40<sup>th</sup> Gala Celebration Committee – Jim Bray and Rebecca Alarcio, Co-Chairs**

Co-Chairperson Bray reported that the 40<sup>th</sup> Gala held October 21, 2017 was an absolute success and exceeded the committee's expectations for such a great event! The sold out event was truly unique and unlike any other held in the Santa Maria Valley. The venue was the perfect location to celebrate the Foundation and Captain G. Allan Hancock. From the vintage airplanes on the tarmac to PCPA actors/actresses portraying Captain Hancock and others from the 1930's/1940's to the details of the beautifully decorated tables it was a special evening enjoyed by all those attending. Director Bray recognized and thanked Ms. Houghton, the 40<sup>th</sup> Gala Celebration Committee, and staff for their hard work for providing such a wonderful event. Co-Chairperson Alarcio thanked Mr. Bray and all who were part of the planning process for their dedication and commitment in making the event a night to remember. The vision of the *Hancock Promise* was shared by Dr. Walthers with the announcement of community partners and a paddle raise bringing in approximately \$130,000. Co-chair Alarcio recognized and thanked Dr. Walthers for his leadership in bringing the *Hancock Promise* program to Allan Hancock College students.

**Community Ambassador's Committee – Jim Fields, Co-Chair**

Director Fields reported that the Community Ambassador's program launched last August has been well attended and highly successfully by the 27 participants. There are four more sessions scheduled for this academic year, and he encouraged board members to attend a session. Recruitment for next year's class will launch in late spring 2018.

**President's Circle Committee – Maggi Daane, Co-Chair**

Director Daane reported that the Tailgate Party held September 30 was well attended by more than 50 President's Circle members! Future events for spring 2018 include an educational lecture, a spring gathering, and a special combined event with PCPA's Encore Circle. President's Circle membership continues to grow, and the committee plans to increase outreach efforts over the next few months.

**Scholarship Committee – Bob Manning, Chair**

The Foundation sent out a questionnaire to donors, student award winners and volunteers for input about the scholarship awards reception held in May. Ms. McCracken provided a PowerPoint

presentation on the results of the questionnaire. The consensus was a preference for the event to be held late afternoon/early evening and to return to a dinner. The planning committee for this event will meet in early January to review the questionnaire results and begin planning for the 2018 scholarship awards event. Staff will develop a budget for the event and report to the board at the January quarterly board meeting. There was agreement to table the recommendation to approve the 2018 scholarship event until the January quarterly meeting.

#### **10. Oral Reports**

Members of the Board of Directors:

--welcomed back Natalie Rucobo!

College Superintendent/President: Dr. Walthers reported...

--on the success of the 40<sup>th</sup> Gala Celebration and thanked Ms. Houghton, the 40<sup>th</sup> Gala Committee and staff for a great event

--the next phase for the new Fine Arts complex is the selection of architects with the hope to increase the recital hall from 300 seats to 500 seats

--the President's Circle Tailgate Party was a great success

--that Allan Hancock College is in the top 100 Aspen nominees

--the college will have an expanded presence at the annual Elks Rodeo next June promoting the *Hancock Promise* with 30 second commercials, bandana's printed with Bulldog Program for elementary school students, and a booth on midway

College Trustee: No report

Foundation Director/PCPA Liaison: Director Bray reported...

--PCPA has a new website

--the holiday show is "Freaky Friday" and encouraged board members to attend

--the annual year-end solicitation is underway

Faculty Representative: No report

Student Representative: No report

Executive Director, College Advancement: Ms. Houghton reported...

--more than 2,000 elementary school students have signed up for Bulldog Bound

--the Econ Alliance Innovative Award was presented to Allan Hancock College for the *Hancock Promise* program

--the Foundation retreat is postponed until January. A keynote speaker will talk about the power of "Storytelling" and how to use stories about Hancock College to make a connection with the college and community. Staff will send out an email with potential dates for the retreat

--the firing range at the Lompoc Valley Center is now open after being closed since 2014

--the *EOPS/CARE 2017 Thanksgiving Dinner CARE Turkey Feast* fundraiser is underway at the college. A gift of \$35 purchases a turkey and all the trimmings for one Allan Hancock College CARE single-parent family to enjoy a Thanksgiving dinner.



**11. Next Board Meeting**

The next meeting of the Allan Hancock College Board of Directors is the board retreat and quarterly meeting on Tuesday, January 23, 2018 from 8:30 a.m. to 12:30 p.m. at the Santa Maria Country Club.

**12. Adjournment**

President Moya Voice called for a motion to adjourn the quarterly meeting. The meeting adjourned at 10 a.m. to tour the Campus Graphics department.

Motion: On a motion by Director Owen, seconded by Director Walker, the board approved the financial statements as submitted on a roll-call vote as follows: Ayes: R. Alarcio, J. Bray, F. Campo, M. Carroll, L.-V. Cox, M. Daane, J. Fields, J. Frost, T. Harrington, P. Hesse, G. Johnson, R. Klug, D. Lahr, B. Manning, V. Moya Boice, M. Nanning, K. Ostini, G. Owen, G. Schragger, G. Walker, K. Walthers, R. Welt / Noes: None / Abstentions: None

**13. Tour of Campus Graphics Facility**

Ms. Houghton introduced Gordon Rivera, supervisor for the college's Campus Graphics department. Following adjournment of the quarterly board meeting, board members went on a tour of the college's Campus Graphics facility provided by Mr. Rivera.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Mario Juarez Chair, Governance and Nominations Committee</b>	<b>January 23, 2018</b>
<b>Subject: Board Leadership Transitions, Resignations, New Director Nominations Effective January 2018</b>	

**BACKGROUND**

Board Resignation

--The committee recommends that the Board of Directors accept with regrets the resignation of Director Bob Lotwala.

Board Leadership Transitions effective January 2018, and the following is recommended:

- accept with regrets the resignation of Georgia Schrage as Foundation Board Secretary;
- recommends the appointment of Mary Nanning to replace Director Schrage as the Foundation Board Secretary;
- accept the resignation of Guy Walker as the Foundation Board Treasurer;
- recommends the appointment of Glenn Owen to replace Director Walker as the Foundation Board Treasurer;
- recommends the appointment of Guy Walker as Vice President (replacing Bob Lotwala) and the new Hancock Promise Campaign Chair (include this position as part of the Executive Committee).

New Director Nominations

--Rick Rust with Aera Energy and Dan Stevens with Rabobank are nominated to serve as a director on the Allan Hancock College Foundation Board for an initial one-year term. The committee recommends their appointment to the board.

**RECOMMENDATION – 3 Motions**

Motion 1

The Executive Committee and Governance/Nominations Committee recommends that the resignation of Director Bob Lotwala be accepted with regrets.

Motion 2

The Executive Committee and Governance/Nominations Committee recommends to accept the resignation of Georgia Schrage as Foundation Board Secretary and approve the appointment of Mary Nanning as the new Foundation Board Secretary; to accept the resignation of Guy Walker as the Foundation Board Treasurer and approve the appointment of Glenn Owen as the New Foundation Board Treasurer; and accept the appointment of Guy Walker as Vice President and as the new Hancock Promise Campaign Chair with that position included as part of the Executive Committee.

Motion 3

The Executive Committee and Governance/Nominations Committee recommends the nomination of Rick Rust and Dan Stevens to serve as directors on the Allan Hancock College Foundation Board for an initial one-year term.

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Valerie Moya Boice Foundation President &amp; Chair, Executive Committee</b>	<b>January 23, 2018</b>
<b>Subject: College Trustee Appointments 2018</b>	

**BACKGROUND**

The Allan Hancock College Board of Trustees at its December 2017 annual organizational meeting appointed Trustee Jeffery Hall (primary) and Greg Pensa (alternate) to the foundation board as trustee representatives for 2018.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Boyd Funds – Fine Arts Complex Fund Use and Recommendation</b>	

**BACKGROUND**

When former faculty member Patty Boyd passed away in 2013, she left a gift of \$10 million+ to the College, via the AHC Foundation. Her intended purpose was to support music and fine arts on campus. The AHC Foundation allocated the Boyd gift into three separate funds. The current value of those funds is identified below:

Balance as of 11/30/2017	Music Dept Current Needs	Boyd Trust	Permanent Endowment
P. J. Boyd Endowment	\$ 20,224.62		
Patricia J Boyd Fund		\$ 12,812,694.38	
AHC Music (Boyd) Program			\$ 2,315,897.50

In 2017, the College successfully negotiated and obtained \$24 million from the state of California to assist in the construction of a new Fine Arts classroom/complex on campus. This building would house a recital hall, classrooms and career education labs – essentially consolidating all of the fine arts and performing arts (*with the exception of theatre arts*) on campus. The estimated project budget is \$48 million with a completion date of 2020/2021.

This new project provides an opportunity for the Foundation to consider support, vis-à-vis the following questions:

1. Does the Foundation support the construction of the new Fine Arts classroom/complex? If so, does that support come in the form of a philanthropic gift currently within the Foundation’s portfolio?
2. If the answer is yes, how much should be given and from which fund?

Based on the requirements set forth in the Patty Boyd bequest (see attachments) as well as the initial clarifications set by the AHC Foundation board in 2013 (see attachment) staff believes the proposed Fine Arts Classroom/Complex fully meets the intended desire of the donor. *Supporting documentation provided starting on the next page.*

**Recommendation**

The Executive and Finance Committees recommend approval for support of the proposed Fine Arts complex and the allocation of \$10 million from the Patricia J. Boyd Fund. If approved by the full board, the Finance Committee will work with District staff and investment partners on the appropriate disbursement schedule.

**8. TOUR OF LIBRARY**

Board members were given a tour of the library by Leslie Mosson, Librarian on the Santa Maria campus.

**9. INVESTMENT COMMITTEE'S REPORT**

Mrs. Cox gave the financial report as Dr. Dworaczyk was unable to attend the meeting:

*Statement of Operations:* For the period ending 06/30/2013, the fund balance for the unrestricted fund was \$264,341; the temporarily restricted fund balance was \$1,179,678, and the endowment balance was \$16,583,859. The total fund balance for the period was \$18,027,878.

For the period ending 08/31/2013, the fund balance for the unrestricted fund was \$260,642; the temporarily restricted fund balance was \$1,156,265, and the endowment balance was \$16,711,065. The total fund balance for the period was \$18,127,972.

*Balance Sheet:* For the period ending 06/30/2013, in reviewing the statement it was noted that the total current assets, total current liabilities and net assets were \$18,128,306.

For the period ending 08/31/2013, in reviewing the statement it was noted that the total current assets, total current liabilities and net assets were \$18,136,578.

*Contributions Report:* For the period ending 06/30/2013, the total contributions were \$11,662,226.

For the period ending 08/31/2013, the total contributions were \$118,117.

*Operating Budget:* For the period ending 06/30/2013, in reviewing the operating budget statement, income for the year-to-date was \$212,188, with expenses of \$194,146 and the fund balance was \$264,341.

For the period ending 08/31/2013, in reviewing the operating budget statement, income for the year-to-date was \$18,837, with expenses of \$22,536 and the fund balance was \$260,642.

*Portfolio Summary:* Mrs. Cox reviewed the Portfolio Summary dated 08/31/2013, which reflects \$6,520,680 in endowment investments and \$11,616,874 invested in unrestricted and temporarily restricted investments.

**MOTION:** Moved/seconded (Pensa/Frost) and passed by unanimous voice ballot to accept the financial statements and reports as presented.

**10. BOARD ITEMS**

**10.A. Patricia Boyd Estate and Corporate Resolution 2013-05:** Mr. Cotter reported that the foundation has received the *Successor Co-Trustees' Report and Account dated July 13, 2012, to September 16, 2013*, regarding the assets of the *Patricia J. Boyd Trust* dated May 5, 2006. A foundation corporate resolution 2013-05 was presented for review and approval. The resolution consents to the trustees' report and accounting and authorizes two representatives of the Allan Hancock College Foundation Board of Directors to sign the legal document.

**MOTION:** Moved/seconded (Frost/Lahr) and passed by unanimous voice ballot with no abstentions to approve Corporate Resolution 2013-05 consenting to the *Successor Co-Trustees' Report and Account dated July 13, 2012, to September 16, 2013*, regarding the assets of the *Patricia J. Boyd Trust* dated May 5, 2006, and authorizes two representatives from the Allan Hancock College Foundation Board of Directors to sign the legal document.

**10.B. Patricia J. Boyd Fund Expenditure Process:** The Allan Hancock College Foundation Board of Directors is referred to as the *governing board* in the *Patricia J. Boyd* trust documents. Dr. Miller reviewed a proposed approval process for expenditures from both the *P.J. Boyd Endowment* and the *Patricia J. Boyd Fund*:

Suggested expenditure process for the *P.J. Boyd Endowment*

- The AHC Music Department will identify current needs of the department.
- The AHC Foundation Board of Directors will **preauthorize expenditures** that meet the intended criteria of the bequests.
- The purchases will be processed through the district's purchasing and approval process.
- Once approved, purchases will be made by the district.
- The AHC Business Services office will invoice the AHC Foundation.
- The invoice will include appropriate backup documents, and the foundation will process payment from the *P.J. Boyd Endowment* for the AHC invoice.

The board was in agreement to honor the intent of the trust and to avoid depletion of the funds in one year.

**MOTION:** Moved/seconded (Frost/Walker) and passed by unanimous voice ballot to approve the expenditure process as outlined above for the *P.J. Boyd Endowment*.

Suggested expenditure process for the *Patricia J. Boyd Fund*

- The AHC Board of Trustees will determine the feasibility of constructing a concert hall and will provide proposals to the Allan Hancock College Foundation (AHCF) Board of Directors for their review and approval.
- The AHC Foundation Board of Directors will **preauthorize expenditures** of proposed construction projects.
- The purchases and/or contracts will be administered through the district's purchasing and approval process.
- Once approved, purchases/contracts will be processed by the district.
- AHC Business Services will invoice the AHC Foundation.
- The invoice will include appropriate backup documents, and the AHC Foundation will process payment from the *Patricia J. Boyd Fund* for the AHC invoice.

**MOTION:** Moved/seconded (Frost/Pensa) and passed by unanimous voice ballot to approve the expenditure process as outlined above for the *Patricia J. Boyd Fund*.

**10.C. 2013-14 Endowment Funding:** Mr. Cotter reported that in keeping with the endowment funding policy and the approved review date of June 30, the Executive Committee recommended funding of \$163,010 for 53 out of 54 regular endowments, \$63,525 for 30 out of 31 Title III endowments, \$48,450 for 3 out of 5 quasi endowments, and \$2,780 for 2 out of 4 STEM Federal Grant endowments. The grand total for all endowment funding is \$277,765.

**MOTION:** Moved/seconded (Pensa/Nanning) and passed by unanimous voice ballot with no abstentions to approve the 2013-14 endowment funding for \$277,765.

**10.D. Director's Commitment Proposed Changes:** Mr. Cotter reviewed the proposed changes to the foundation's *Director's Commitment* information sheet. There were concerns shared by board members that included:

- *Director's Role* - add language that speaks to the due diligence and fiduciary responsibility as part of the role of a director;
- *Responsibilities* - the proposed financial increase of \$250 per year with no cap might restrict potential board members. An annual amount of \$1,000 per board member seems appropriate; however, an increase to \$1,200 or \$1,250 annually without an accelerator might be a consideration. It was also recommended to identify projected goals and specific goals rather than just go out and collectively ask for community financial support, along with identifying annual goals for the foundation.

**DECLARATION OF TRUST**  
**PATRICIA JEAN BOYD TRUST**

**DATED: MAY 5, 2006**

**ARTICLE 1: Creation of Trust**

1.01. Declaration. Patricia Jean Boyd (the "trustee") hereby declares that she has received certain property (the "trust estate") from Patricia Jean Boyd, of Santa Maria, California (the "settlor"), and holds that property in trust, to be held, administered, and distributed according to the terms of this instrument.

1.02. Name of Trust. The name of the trust created by this instrument shall be The Patricia Jean Boyd Trust.

1.03. Effective Date. This declaration shall be effective on the date it is executed by the parties.

1.04. Marital Status. The settlor is not married.

1.05. Children. The settlor has no living children.

1.06. Deceased Children. The settlor has no deceased children.

**ARTICLE 2: Trust Estate**

2.01. Definition of Trust Estate. All of the property described in Schedule A, attached to this instrument, and any other property that may hereafter be subject to this trust, is referred to in this instrument as the "trust estate," and shall be held, administered, and distributed as provided in this instrument. All property described in Schedule A is the separate property of Settlor.

2.02. Additions to Trust. From time to time, the trustee may accept additions to this trust from any source. Any additions to the trust shall be made by designating in writing the property to be added, or by titling any account, deed, or similar asset in the name of the trustee, as trustee of this trust, or any alternate or successor trustee acting under this instrument. During any time that the settlor is not also serving as trustee or co-trustee of this trust, any transfer of property to the trust under this paragraph shall be effective only upon written acceptance by the trustee. Any designation by a third party, whether by will, deed, account title designation, or

similar transfer, shall also be a transfer to the trust estate upon written acceptance by the trustee. Any property added to the trust estate shall be held, administered, and distributed in accordance with the terms of this instrument.

### ARTICLE 3: Rights and Powers of Settlor

3.01. Revocation and Amendment. This trust may be revoked, amended, or terminated at any time and for any reason by a writing signed by the settlor and delivered to the trustee in person or by certified mail. Promptly upon of any instrument revoking or terminating the trust, the trustee shall deliver any and all property affected by the revocation or termination to the settlor, or to a person or persons designated in that writing to receive that property. Upon the death of the settlor, this trust shall be irrevocable and not subject to amendment.

3.02. Investments. The settlor shall have the power from time to time to direct the trustee to do any or all of the following:

- (a) Invest trust funds in specified securities, properties, or other forms of investment;
- (b) Retain specified securities, properties, or other forms of investment held in trust under this instrument; and
- (c) Sell, encumber, lease, abandon, or dispose of any trust property.

All such directions shall be in writing, signed by the settlor, and delivered to the trustee in person or by certified mail. If a direction is to remain in effect for a specified period of time only, or to be subject to any condition or conditions, the writing must specify the period of time and the condition or conditions. If trust property is invested in accordance with any direction given as specified in this paragraph, the trustee shall not be liable for losses sustained as a direct or indirect result of the trustee's compliance with the direction. After the settlor's death, no person shall have the power to direct the trustee to invest trust property.

3.03. Borrowing. While the settlor is living, the settlor shall have the power to borrow money from the trust estate in such amounts and on such terms as the settlor may specify in a writing or writings delivered to the trustee in person or by certified mail. The settlor's power to borrow money as provided in this paragraph shall extend to both the income and the principal of the trust estate.



3.04. Exercise of Settlor's Rights and Powers by Others. Notwithstanding any other provision of this instrument, any right or power that the settlor could exercise personally under the terms of this instrument, including the power to amend, revoke, or terminate this trust may be exercised for and on behalf of the settlor by any attorney in fact who, at the time of the exercise, is duly appointed and acting for the settlor under a valid and enforceable durable power of attorney executed by the settlor under the Uniform Durable Power of Attorney Act, or any successor statute; or, if there is no such attorney in fact, by a duly appointed and acting conservator of the settlor, after petition to the court in accordance with California Probate Code Section 2580, or any successor statute

#### **ARTICLE 4: Payments and Distributions During Settlor's Lifetime**

4.01. Payments of Income. So long as the settlor is living, the trustee shall pay to or apply for the benefit of the settlor as much of the net income of the trust as the settlor shall from time to time request of the trustee in writing.

4.02. Distributions of Principal. So long as the settlor is living, the trustee shall distribute to or apply for the benefit of the settlor as much of the principal of the trust as the trustee, in the trustee's discretion, deems necessary or appropriate for the settlor's comfort, welfare, and happiness.

4.03. Requests on Settlor's Behalf. If, at any time, the settlor is unable personally to make a request of the trustee, the settlor's right to make the request may be exercised for or on behalf of the settlor by an attorney in fact who, at the time of the exercise, is duly appointed and acting for the settlor under a valid and enforceable durable power of attorney executed by the settlor under the Uniform Durable Power of Attorney Act, or any successor statute; or, if there is no such attorney in fact, by the trustee acting for and on behalf of the settlor. The trustee shall have discretion to determine when the settlor is unable personally to make a request for purposes of this paragraph.

#### **ARTICLE 5: Payments and Distributions After Settlor's Death**

5.01. Payment of Death Taxes. All death taxes payable by reason of the settlor's death shall be paid by the trustee from the residue of the trust estate.

5.02. Payment of Debts and Expenses. All debts and expenses of the settlor and the trust shall be paid by the trustee from the from the residue of the trust estate.

5.03. Disposition of Trust Upon Death of Settlor. On the death of the settlor the trustee shall hold, administer and distribute the trust estate as follows:

- a. To LINDA TATE settlor's cat, other pets and pet supplies.
- b. To LINDA TATE One Hundred Thousand Dollars (\$100,000) if she survives the settlor. If LINDA TATE does not survive the settlor this gift shall lapse and pass as part of the residue of the estate.
- c. All oil, gas, hydrocarbon, mineral rights and mineral rights royalties on all lands of the trust, with the exception of such royalties and mineral rights on settlors 158 acres on East Betteravia Road, Santa Maria, Santa Barbara County, California (APN's 128-100-02 and 128-100-04), to settlor's nieces PATRICIA EDITH RICE PUTNUM and MARY RICE equally. If either PATRICIA EDITH RICE PUTNUM or MARY RICE does not survive the settlor, the entire gift shall go to the survivor of them. If neither PATRICIA EDITH RICE PUTNUM and MARY RICE survive the settlor this gift shall lapse and pass as part of the residue of the trust estate.
- d. All vehicles, furniture, furnishings, appliances, household contents, jewelry, clothing, antiques, works of art, musical instruments, collectibles and heirlooms of the settlor shall be distributed to PATRICIA EDITH RICE PUTNUM if she survives the settlor. If PATRICIA EDITH RICE PUTNUM does not survive the settlor this gift shall lapse and pass as part of the residue of the trust estate.
- e. The rest and residue of the trust estate, including all oil, gas, hydrocarbon, mineral rights and mineral rights royalties for the 158 acres on East Betteravia Road, Santa Maria, Santa Barbara County, California, settlor's personal residence commonly known as 502 South Palisades Drive, Santa Maria, Santa Barbara County, California and investments, to the Allen Hancock College Foundation, a California non-profit Corporation, with its principal place of business in Santa Maria, California, to be held and administered as the Patricia J. Boyd Endowment Fund. The assets of the Fund may be merged for investment purposes with any other assets held by the Allan Hancock College Foundation. The income of the Fund, and as much of the principal and appreciation on principal as the governing board considers appropriate, shall be used only to enhance the physical assets of the Allen Hancock College Music Department, <sup>in SANTA MARIA ONLY</sup> such as a concert hall, a Steinway Concert Grand Piano, sound systems, instruments, music, and similar improvements and assets. The fund shall not be used to pay salaries and/or administration costs of any kind. If the Allen Hancock College

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Music Department is not in existence or has no instructors or the music department is dissolved, any funds remaining shall be used by the Allan Hancock College Foundation to enhance the Fine Arts Department at Allan Hancock College under the same conditions as set forth above.

#### ARTICLE 6: Trustee

6.01. Definition. Unless the context requires otherwise, all references in this instrument to "the trustee" shall be deemed to refer to whoever is serving as trustee or co-trustees, and shall include alternate or successor trustees or co-trustees.

6.02. Successor Trustees. If, for any reason, the trustee fails or ceases to act as trustee, the settlor shall have the power to designate any suitable entity or person to act as successor trustee. The successor trustee shall be designated by a signed writing delivered to the person or entity designated as successor. Upon the death, incapacity or resignation of the trustee or if the trustee ceases to act as trustee and no successor trustee is designated by the settlor within fourteen (14) days after the vacancy occurs, **PATRICIA EDITH RICE PUTNUM** and **C. KENT STEPHENS** shall act as co-trustees. If either of the co-trustees are unable by reason of death, incapacity, or any other reason or unwilling to serve as co-trustee, or if at anytime the office of trustee becomes vacant by reason of death, incapacity or any other reason, and no successor trustee or co-trustees have been designated under any other provisions of this trust as successor co-trustee, a new co-trustee shall be appointed by the court.

6.03. Removal and Replacement. (a) Notwithstanding any other provision of this instrument, the settlor shall have the power, at any time and for any reason, with or without cause, to remove any trustee acting under this instrument and appoint another trustee to replace the removed trustee. Removal shall be effected by giving a written notice of removal to the trustee to be removed and to the person or entity legally entitled to act as successor trustee. The removal shall become effective upon delivery to the settlor of a written acceptance of the trust by the successor trustee, and the settlor shall promptly notify the trustee being removed of the receipt of that acceptance.

(b) The court shall have the power to remove the trustee upon petition by any beneficiary, for any of the following reasons:

- (1) Commission of a breach of trust.
- (2) Insolvency or other unfitness to administer the trust.
- (3) Hostility or lack of cooperation among the co-trustees that impairs the administration of the trust.

- (4) Failure or refusal to act.
- (5) Other good cause, as determined by the court.

6.04. Resignation. Any trustee may resign at any time, without giving a reason for the resignation, by giving written notice, at least thirty (30) days before the time the resignation is to take effect, to the settlor, if living, to any other trustee then acting, to any persons authorized to designate a successor trustee, to all living trust beneficiaries known to the trustee (or, in the case of a minor beneficiary, to the parent or guardian of that beneficiary), and to the successor trustee, if a successor has been designated in accordance with the provisions of this instrument. A resignation shall be effective upon written acceptance of the trust by a successor trustee.

6.05. Vacancies. If a vacancy should occur in the office of the trustee, whether by reason of death, resignation, removal, or other cause, and no successor trustee is appointed as provided in this instrument, the court shall appoint a new trustee to fill the vacancy. In filling a vacancy, the court may, in its discretion, appoint the original or any other number of co-trustees. In selecting a trustee, the court shall give consideration to the wishes of the beneficiaries.

6.06. Bond. No bond or undertaking shall be required of any individual who serves as a trustee under this instrument.

6.07. Powers. To carry out the purposes of the trust created under this instrument, and subject to any limitations stated elsewhere in this instrument, the trustee shall, in addition to all of the powers now or hereafter conferred on trustees by law, have the power to do all of the following:

(a) Retain property received into the trust at its inception, or later added to the trust, as long as the trustee considers that retention is in the best interests of the trust or in furtherance of the goals of the settlor in creating the trust, as determined from this trust instrument, but subject to the standards set forth in California Probate Code Section 16040 and the Uniform Prudent Investor Act.

(b) Invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The trustee's investment and management decisions respecting individual assets and courses of action must be evaluated not in isolation, but in the context of the trust portfolio as a whole, and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. Among the circumstances that are appropriate to consider in investing and managing trust assets are the following, to the extent relevant to the trust or its beneficiaries:

- (1) General economic conditions.
- (2) The possible effect of inflation or deflation.
- (3) The expected tax consequences of investment decisions or strategies.
- (4) The role that each investment or course of action plans within the overall trust portfolio.
- (5) The expected total return from income and the appreciation of capital.
- (6) Other resources of the beneficiaries known to the trustee as determined from information provided by them.
- (7) Needs for liquidity, regularity of income, and preservation or appreciation of capital.
- (8) An asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.

The trustee may invest in any kind of property of type of investment or engage in any course of action or investment strategy consistent with the standards set forth in this provision or the Uniform Prudent Investor Act, as set forth in California Probate Code Sections 16045-16054, or any successor sections.

(c) In the trustee's discretion, invest or reinvest in mutual funds, money market funds, investment trusts, regulated investment companies, market funds, and index funds, and in the shares or securities of any such funds or companies, that persons of prudence, discretion, and intelligence acquire for their own account.

(d) Acquire and maintain as a trust asset a life insurance policy on the life of any person, including the trustee, issued by any company and in any amount that the trustee may deem advisable, and exercise all rights of ownership granted in that policy.

(e) With or without court authorization, sell (for cash or on deferred payments, and with or without security), convey, exchange, partition, and divide trust property; grant options for the sale or exchange of trust property for any purpose, whether the contract is to be performed or the option is to be exercised within or beyond the term of the trust; and lease trust property for any purpose, for terms within or extending beyond the expiration of the trust, regardless of whether the leased property is commercial or residential and regardless of the number of units leased.

- (f) Engage in any transactions with the personal representative of the estate of the settlor that are in the best interest of any trusts created in this instrument.
- (g) Manage, control, improve, and maintain all real and personal trust property.
- (h) Subdivide or develop land; make or obtain the vacation of plats and adjust boundaries, or adjust differences in valuation on exchange or partition by giving or receiving consideration; and dedicate land or easements to public use with or without consideration.
- (i) Make ordinary or extraordinary repairs or alterations in buildings or other trust property, demolish any improvements, raze existing party walls or buildings, and erect new party walls or buildings, as the trustee deems advisable.
- (j) Enter into oil, gas, and other mineral leases, on terms deemed advisable by the trustee; enter into any pooling, unitization, repressurization, community, or other types of agreements relating to the exploration, development, operation, and conservation of mineral properties; drill, mine, and otherwise operate for the development of oil, gas, and other minerals; contract for the installation and operation of absorption and repressuring plants; and install and maintain pipelines. Any such leases or agreements may be for a term within or extending beyond the term of the trust.
- (k) In the trustee's discretion, abandon any trust asset or interest therein.
- (l) Employ and discharge agents and employees, including but not limited to attorneys, accountants, investment and other advisers, custodians of assets, property managers, real estate agents and brokers, and appraisers, to advise and assist the trustees in the management of any trusts created under this trust instrument, and compensate them from the trust property. The agents and employees may be associated or affiliated with the trustee, or may be descendants or other persons related to the trustee or to the settlor, or a company associated with any such persons. The trustee is entitled to rely on the advice of any professional adviser employed under this provision. Reasonable compensation paid to any such agents or employees shall not diminish the compensation to which the trustee is otherwise entitled.
- (m) With respect to securities held in trust, exercise all the rights, powers, and privileges of an owner, including, but not limited to, the power to vote, give proxies, and pay assessments and other sums deemed by the trustee necessary for the protection of the trust property; participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers, and liquidations and, in that connection, deposit securities with and transfer title to any protective or other

committee under such terms as the trustee deems advisable; exercise or sell stock subscription or conversion rights; and accept and retain as investments of the trust any securities or other property received through the exercise of any of the foregoing powers.

(n) Hold securities or other trust property in the trustee's own name or in the name of a nominee, without disclosure of the trust, or in unregistered form, so that title may pass by delivery.

(o) Deposit securities in a securities depository that is either licensed or exempt from licensing.

(p) Borrow money for any trust purpose from any person or entity, on such terms and conditions as the trustee deems advisable, and obligate the trust for repayment; encumber any trust property by mortgage, deed of trust, pledge, or otherwise, whether for terms within or extending beyond the term of the trust, as the trustee deems advisable, to secure repayment of any such loan; replace, renew, and extend any such loan or encumbrance; and pay loans or other obligations of the trust deemed advisable by the trustee.

(q) Procure and carry, at the expense of the trust, insurance in such forms and in such amounts as the trustee deems advisable to protect the trust property against damage or loss, and to protect the trustee against liability with respect to third persons.

(r) Enforce any obligation owing to the trust, including any obligation secured by a deed of trust, mortgage, or pledge held as trust property, and to purchase any property subject to a security instrument held as trust property at any sale under that instrument.

(s) Extend the time for payment of any note or other obligation held as an asset of, and owing to, the trust, including accrued or future interest, and extend the time for repayment beyond the term of the trust.

(t) Pay or contest any claim against the trust; release or prosecute any claim in favor of the trust; or, in lieu of payment, contest, release, or prosecution, adjust, compromise, or settle any such claim, in whole or in part, and with or without consideration.

(u) At trust expense, prosecute or defend actions, claims, or proceedings of whatever kind for the protection of the trust property and of the trustee in the performance of the trustee's duties, and employ and compensate attorneys, advisers, and other agents as the trustee deems advisable.

6.08. Grant of Specific Powers Not to Limit General Powers. The grant to the trustee of a specific power or powers in this instrument shall not limit the trustee from exercising any other power that may be necessary or appropriate for the trustee to exercise in furtherance of the purposes of this instrument or to permit the trustee to fulfill the trustee's responsibilities and duties with respect to the trust.

6.09. Disclaimer or Release of Powers. The trustee may disclaim, release, or restrict the scope of any power or discretion that the trustee may hold under this instrument, whether expressly granted in this instrument or implied by law. The trustee shall disclaim a power in the manner required by applicable federal or California law. The trustee shall release or restrict any power or discretion by giving written notice to the beneficiary or beneficiaries then entitled to current income payments, specifying the power or discretion to be released or restricted, the nature of the restriction, and, if appropriate, the person or persons to whom the released or restricted power shall pass and be exercisable. If a power is disclaimed, the power shall be available to and exercisable by the successor trustee.

6.10. Discretion to Permit Income Beneficiaries to Occupy Real Property. The trustee may permit any current income beneficiary of this trust to occupy any real property that forms a part of the trust. The terms of the occupancy shall be determined by the trustee, in the trustee's discretion, and may include, but are not limited to, rent-free occupancy or occupancy in consideration of full or partial payment of mortgage or trust deed payments, taxes, assessments, insurance, maintenance, and ordinary repairs.

6.11. Division or Distribution in Cash or in Kind. In order to satisfy a pecuniary gift or to distribute or divide trust assets into shares or partial shares, the trustee may distribute or divide those assets in kind, or divide undivided interests in those assets, or sell all or any part of those assets and distribute or divide the property in cash, in kind, or partly in cash and partly in kind. Property distributed to satisfy a pecuniary gift under this trust instrument shall be valued at its fair market value at the time of distribution.

6.12. Payments and Distributions to or for Benefit of Beneficiaries. In lieu of making a direct payment or distribution to any beneficiary who at the time of the payment or distribution is a minor or suffering from a legal disability, or who appears to the trustee by reason of illness, age, injury, or other cause, to be unable to accept the payment or distribution or to make intelligent or responsible use of the same, the trustee may make the payment or distribution to any conservator or guardian duly appointed and acting for and on behalf of the beneficiary; to any custodian acting for and on behalf of the beneficiary under the Uniform Gifts to Minors Acts or Uniform



Transfers to Minors Act of any state (including a suitable custodian selected by the trustee); to any suitable person or persons, such as a relative or friend, with whom the beneficiary is residing; to any other person, firm, or agency for services rendered or to be rendered for the beneficiary's assistance or benefit; or to accounts in the beneficiary's name with financial institutions. The receipt of payments by any of the foregoing shall constitute a sufficient acquittance of the trustee for all purposes.

6.13. Written Notice to Trustee. Until the trustee receives written notice of any death or other event upon which the right to payments from any trust may depend, the trustee shall incur no liability for disbursements made in good faith to persons whose interests may have been affected by that event.

6.14. Duty to Account. The trustee shall render accounts at least annually, at the termination of a trust, and upon a change of trustees, to the persons and in the manner required by law.

#### **ARTICLE 7: Concluding Provisions**

7.01. Perpetuities Savings Clause. Notwithstanding any other provision of this instrument, any trust created by this instrument or by a power of appointment created by this instrument that has not terminated earlier shall terminate no later than 21 years after the death of the last survivor. If a trust is terminated because of the preceding sentence, the trustee shall distribute the principal and undistributed income of the trust to the income beneficiaries of the trust in the same proportion that they are entitled to receive income immediately before the termination. If that proportion is not fixed by the terms of this instrument, distribution shall be to the persons entitled to receive income immediately before the termination, in the manner provided in California Probate Code Section 240. If there is no person who is entitled to receive income immediately before the termination, the trustee shall distribute the principal and undistributed income to the issue of the settlor then surviving in the manner provided in California Probate Code Section 240.

7.02. Simultaneous Death. If the settlor and any beneficiary under this instrument die under circumstances in which the order of their deaths cannot be established by clear and convincing evidence, the settlor shall be deemed to have survived the beneficiary, and this instrument shall be construed accordingly.

7.03. No-Contest Clause. If any beneficiary under this instrument, singularly or in combination with any other person or persons, directly or indirectly contests this instrument or the will of the settlor, in whole or in part, or opposes, objects to, or seeks to invalidate any of the provisions of this instrument or of the will of the settlor,

or seeks to succeed to any part of the estate of the settlor other than in the manner specified in this instrument or in the will of the settlor, then the right of that person to take any interest given to him or her by this instrument shall be void, and any gift or other interest in the trust property to which the beneficiary would otherwise have been entitled shall pass as if he or she had predeceased the settlor without issue.

7.04. Definition of Death Taxes. As used in this instrument, the term "death taxes" means all inheritance, estate, succession, and other similar taxes that are payable by any person on account of that person's interest in the decedent's estate or by reason of the decedent's death, including penalties and interest, but excluding the following:

(a) Any additional tax that may be assessed under Internal Revenue Code Section 2032A .

(b) Any federal estate taxes recoverable, pursuant to Internal Revenue Code Section 2207A , from the holder or recipient of any qualified terminable interest property that is included in the settlor's federal gross estate under Internal Revenue Code Section 2044.

(c) Any federal or state tax imposed on a generation-skipping transfer, as that term is defined in the federal tax laws, unless that generation-skipping transfer tax is payable directly out of the assets of a trust created by this instrument.

7.05. Definition of Debts and Expenses. As used in this instrument, the term "debts and expenses" shall include the following:

(a) All costs, expenses of litigation, counsel fees, or other charges that the trustee incurs in connection with the determination of the amount of the death taxes, interest, or penalties referred to in Paragraph 5.02 of this instrument, and (b) legally enforceable debts, funeral expenses, expenses of last illness, and administration and property expenses.

7.06. Number and Gender. As used in this instrument, references in the masculine gender shall be deemed to include the feminine and neuter gender, and vice versa, and references to the singular shall be deemed to include the plural, and vice versa, wherever the context so permits.

7.07. Captions. The captions appearing in this instrument are for convenience of reference only, and shall be disregarded in determining the meaning and effect of the provisions of this instrument.

7.08. Severability Clause. If any provision of this instrument is invalid, that provision shall be disregarded, and the remainder of this instrument shall be construed as if the invalid provision had not been included.

7.09. California Law to Apply. All questions concerning the validity, interpretation, and administration of this instrument, including any trusts created under this instrument, shall be governed by the laws of the State of California, regardless of the domicile of any trustee or beneficiary.

**ARTICLE 8: Execution**

8.01. Execution. I certify that I have read the foregoing declaration of trust and that it correctly states the terms and conditions under which the trust estate is to be held, administered, and distributed. As trustee, I approve this declaration of trust in all particulars, and agree to be bound by its terms and conditions.

Executed on May 5, 2006, at Santa Maria, California.

TRUSTEE

*Patricia Jean Boyd*

**PATRICIA JEAN BOYD**

Acceptance by Settlor. I, as settlor of the trust created by this declaration of trust, certify that I have read the foregoing declaration of trust and that it correctly states the terms and conditions under which the trust estate is to be held, administered, and distributed. I approve this declaration of trust in all particulars, and agree to be bound by its terms and conditions.

*Patricia J. Boyd*

**PATRICIA JEAN BOYD**

ACKNOWLEDGMENT

STATE OF CALIFORNIA

SS.

COUNTY OF SANTA BARBARA

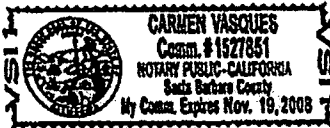
On May 5, 2006, before me, Carmen Vasques, a Notary Public in and for said State, personally appeared **PATRICIA JEAN BOYD**

[ ] personally known to me; or

[X] proved to me on the basis of satisfactory evidence,

to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



  
CARMEN VASQUES

## SCHEDULE A

### SCHEDULE OF TRUST ASSETS

#### Description of Asset

1. All jewelry, clothing, household furniture and furnishings, personal automobiles, and other tangible articles of a personal nature belonging to the Settlor of the Trust, or the Settlor's interest in any such property.
2. Any and all interest in the residential real property located at *502 South Palisades, Santa Maria, Santa Barbara County, California, A.P.N. 128-061-42* described as follows:

Lot 87 of Hancock Park Tract 5226 in the City of Santa Maria, County of Santa Barbara as shown on Map filed in Book 95, Pages 89 through 100 of Maps, in the office of the County Recorder of said County.
3. Any and all interest in the residential real property located in *Santa Maria, Santa Barbara County, California, A.P.N.'s 128-100-02 and 128-100-04* described as follows:

All of Settlor's interest in and to the Northeast quarter of Section 29, Township 10 North, Range 33 West, S.B.B. & M., SUBJECT to all covenants, easements, conditions and restrictions of record, known as the BATTLES RANCH.
4. The following undivided interest in and to all oil, gas, gasoline and other hydrocarbon and mineral substances in and to the following parcels of real property situated in the County of Santa Barbara, State of California, described as:

2.8571428 % interest - The Northeast quarter of Section 23, Township 10 North, Range 34 West, S.B.B. & M., EXCEPTING that portion heretofore conveyed to the Santa Maria Cemetery District;

18.51192 % interest - The East half of the Northwest quarter and West half of the Northeast quarter of Section 19, Township 10 North, Range 33 West, S.B.B. & M. containing 160 acres;

18.51192 % interest - The East one-half of the East one-half of the Southwest one-quarter of Section 19, Township 10 North, Range 33 West, S.B.B. & M., containing 40 acres;

14.398152 % interest - The North half of Section 29, Township 10 North, Range 33 West, S.B.B. & M., containing 320 acres.

13.81238 % interest - The Southeast quarter of Section 18, Township 10 North, Range 33 West, S.B.B. & M., EXCEPTING therefrom the Westerly 871.2' of the Southerly 500' thereof containing 160 acres

An undivided one-half interest in and to the North-east Quarter of Section 29, Township 10 North, Range 33 West, S.B.B. & M., SUBJECT to all covenants, easements, conditions and restrictions of record, EXCEPTING THEREFROM all oil, gas, gasoline and other hydrocarbon substances known as the BATTLES RANCH

**THIRD AMENDMENT TO  
DECLARATION OF TRUST  
PATRICIA JEAN BOYD TRUST**

**COPY**

**DATED: MAY 5, 2006**

Patricia Jean Boyd is the Settlor of the Patricia Jean Boyd Trust dated May 5, 2006. Patricia Jean Boyd is the trustee duly appointed and acting under and by terms of that declaration of trust. In Article 3 of that declaration of trust, the settlor reserved the right to amend the trust. The settlor now wishes to exercise her right of amendment and, to that end does hereby amend that declaration of trust in the terms stated below. The trustee hereby consents to the terms of this amendment.

Article 5 Section is to be deleted in its entirety and replaced with the following:

**ARTICLE 5: Payments and Distributions After Settlor's Death**

5.01. Payment of Death Taxes. All death taxes payable by reason of the settlor's death shall be paid by the trustee from the residue of the trust estate.

5.02. Payment of Debts and Expenses. All debts and expenses of the settlor and the trust shall be paid by the trustee from the from the residue of the trust estate.

5.03. Disposition of Trust Upon Death of Settlor. On the death of the settlor the trustee shall hold, administer and distribute the trust property as follows:

- a. To LINDA TATE settlor's cat, other pets and pet supplies.
- b. To LINDA TATE One Hundred Thousand Dollars (\$100,000) if she survives the settlor. If LINDA TATE does not survive the settlor this gift shall lapse and pass as part of the residue of the estate.
- c. All oil, gas, hydrocarbon, mineral rights and mineral rights royalties on all lands of the trust, with the exception of such royalties and mineral rights on settlors 158 acres on East Betteravia Road, Santa Maria, Santa Barbara County, California (APN's 128-100-02 and 128-100-04), to settlor's nieces PATRICIA EDITH RICE PUTNUM and MARY RICE equally. If either PATRICIA EDITH RICE PUTNUM or MARY RICE does not survive the settlor, the entire gift shall go to the survivor of them. If neither PATRICIA EDITH RICE PUTNUM nor MARY RICE survive the settlor this gift shall lapse and pass as part of the residue of the trust estate.

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PJB

- d. All vehicles, furniture, furnishings, appliances, household contents, jewelry, clothing, antiques, works of art, musical instruments, collectibles and heirlooms of the settlor shall be distributed to **PATRICIA EDITH RICE PUTNUM** if she survives the settlor. If **PATRICIA EDITH RICE PUTNUM** does not survive the settlor this gift shall lapse and pass as part of the residue of the trust estate.
- e. To **PATRICIA EDITH RICE PUTNUM** Five Hundred Thousand Dollars (\$500,000) if she agrees to act as co-trustee without compensation. If **PATRICIA EDITH RICE PUTNUM** does not survive the settlor, this gift shall lapse and pass as part of the residue of the trust.
- f. To the **PACIFIC CONSERVATORY OF PERFORMING ARTS FOUNDATION OF SANTA MARIA** One Million Dollars (\$1,000,000). If the **PACIFIC CONSERVATORY OF PERFORMING ARTS FOUNDATION OF SANTA MARIA** is not in existence at the time of Settlor's death, this gift shall lapse and pass as part of the residue of the trust.
- g. The rest and residue of the trust estate, including all oil, gas, hydrocarbon, mineral rights and mineral rights royalties for the 158 acres on East Betteravia Road, Santa Maria, Santa Barbara County, California, settlor's personal residence commonly known as 502 South Palisades Drive, Santa Maria, Santa Barbara County, California and investments, to the Allen Hancock College Foundation, a California non-profit Corporation, with its principal place of business in Santa Maria, California, to be held and administered as the Patricia J. Boyd Fund. The assets of the Fund may be merged for investment purposes with any other assets held by the Allan Hancock College Foundation. The income of the Fund, and as much of the principal and appreciation on principal as the governing board considers appropriate, shall be used only to enhance the physical assets of the Allen Hancock College Music Department, Santa Maria Campus only, such as a concert hall, a Steinway Concert Grand Piano, sound systems, instruments, music, and similar improvements and assets. The fund shall not be used to pay salaries and/or administration costs of any kind. If the Allen Hancock College Music Department is not in existence, has no instructors or the music department is dissolved, any funds remaining shall be used by the Allan Hancock College Foundation to enhance the Fine Arts Department at Allan Hancock College under the same conditions as set forth above.

Initial  
PJR



Ratification of Other Terms of Trust. In every other respect, the settlor confirms and ratifies the terms of the trust as stated in that certain declaration of trust dated May 5, 2006.

Executed on December 1, 2010, at Santa Maria, California.

*Patricia J. Boyd*  
\_\_\_\_\_  
PATRICIA JEAN BOYD, Settlor and Trustee

ACKNOWLEDGMENT

State of California

County of Santa Barbara

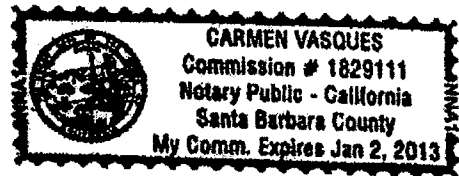
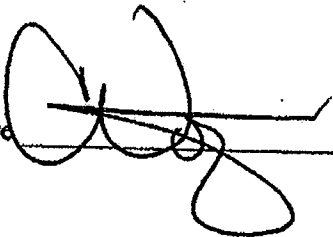
On December 1, 2010, before me, Carmen Vasques Notary Public, personally appeared

**PATRICIA JEAN BOYD** who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he she they executed the same in his her their authorized capacity(ies), and that by his he their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_



(Seal)

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Endowment Scholarship &amp; Program Funding 2017-2018</b>	

**BACKGROUND**

According to the foundation's endowment funding policy, foundation staff determines the endowment funding with the review date of November 30. That process begins with a review of each endowment value and application of the approved funding policy formula. The foundation's Endowment Funding Policy's review date of June 30 was changed to November 30 at the Finance Committee meeting held on January 11, 2017.

In keeping with the endowment funding policy, the total amount of endowment funding recommended for 2017-2018 is \$355,175.

**RECOMMENDATION**

The Executive and Finance Committees recommend approval for the 2017-18 endowment funding proposal as submitted for \$355,174 from the review date of November 30, 2017.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Marian Hancock Scholarship Endowment Award for May 2018</b>	

**BACKGROUND**

The Marian Hancock Scholarship is considered the most prestigious scholarship presented to a student through the Allan Hancock College Foundation each year. The scholarship honors the legacy of Mrs. Marian Hancock who started the scholarship in the late 1960's. The proceeds funding the scholarship this year are \$5,950. The Executive and Finance Committees recommend that the award for May 2018 be increased to \$10,000. The Finance Committee will determine the source of funding to augment the award.

The *Marian Hancock Scholarship Endowment* will be reviewed annually to determine the award amount each year.

**RECOMMENDATION**

The Executive and Finance Committees recommend approval to fund the *Marian Hancock Scholarship* for May 2018 at \$10,000, noting that the Finance Committee will identify the source of funding to augment the award.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Hancock Promise Endowment Fund – Agreement with Santa Barbara Foundation</b>	

**BACKGROUND**

The Hancock Promise Endowment Campaign has a \$10 million goal to reach by 2021. More than \$2 million in pledges and direct donations have been received to date. Foundation staff recommends the creation of a separate fund to house these gifts.

In 2017, the Santa Barbara Foundation (*Jan Campbell and Lynette Muscio*) provided an overview of their capabilities to house this fund. The Foundation has been actively managing endowment portfolios for community organizations for more than 35 years. They currently have \$173 million in assets and work with the Meketa Investment Group on strategy. There are two types of funds available to the Allan Hancock College Foundation (AHCF):

1. Long Term Endowment Fund - This would provide funds in perpetuity with annual withdrawals subject to the current spending policy of the Foundation (now at approximately 5 percent). Distributions are made annually in February and based on a 12 quarter trailing average.
2. Expendable Fund - Designed for agencies that wish to invest, but may have future needs that exceed the annual payout of the long-term fund. Within this fund, there are three investment options:
  - Focus Growth Blend (expected return at approximately 7 percent)
  - Focus Income Blend (expected return at approximately 5.5 percent)
  - Socially Responsible Investment (expected return at 6.72 percent)

The Santa Barbara Foundation would be a significant community partner for the AHCF on the Hancock Promise. By housing the fund at the Santa Barbara Foundation, AHC gains additional PR opportunities and access to individuals who may not be aware of the opportunity. Fees appear to be comparable to those found within the Foundation's other investment funds.

**RECOMMENDATION:**

The Executive and Finance Committees recommend approval to move forward with the Santa Barbara Foundation as the investment advisor for the newly created Hancock Promise Endowment Fund. If approved, the Finance Committee will identify specific investment choices, negotiate fees, and work with the District on the necessary contractual agreements.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Independent Auditor's Report for period ending June 30, 2018</b>	

**BACKGROUND**

The practice of the foundation is an annual independent audit is performed as a part of the college's annual audit in accordance with the standards and procedures developed by the California Community College Board of Governors and the State of California Department of Finance. Representatives from the audit firm Vavrinek, Trine, Day & Co., LLP, performed the audit for the year ending June 30, 2017. A copy of the Communication Letter and audit are attached for the committee's review.

The Allan Hancock College trustees approved the audit at their January 16, 2018 board meeting.

**RECOMMENDATION**

The Executive and Finance Committees recommend approval to accept the Independent Auditor's Report for the Allan Hancock College Foundation for the period ending June 30, 2017.

**ALLAN HANCOCK COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

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**ANNUAL FINANCIAL REPORT**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

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**JUNE 30, 2017**

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**JUNE 30, 2017**

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

VALUE THE *difference*

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Allan Hancock College Foundation  
Santa Maria, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Allan Hancock College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, 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 Allan Hancock College Foundation as of June 30, 2017, 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.

*Vannetta June Day & Co. LLP*

Rancho Cucamonga, California  
December 13, 2017

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017**

**ASSETS**

**Current Assets**

Cash and cash equivalents - unrestricted	\$ 715,384
Cash and cash equivalents - restricted	619,404
Accounts receivable	14,057
Due from Allan Hancock Joint Community College District	18,810
Prepaid expenses	1,600
Total Current Assets	1,369,255

**Noncurrent Assets**

Investments	22,984,543
Beneficial interest in assets held by the Foundation for California Community Colleges	121,564
Total Noncurrent Assets	23,106,107
TOTAL ASSETS	\$ 24,475,362

**LIABILITIES**

**Current Liabilities**

Accounts payable	\$ 17,078
Due to Allan Hancock Joint Community College District	177,056
Total Current Liabilities	194,134

**NET ASSETS**

Unrestricted	1,324,959
Temporarily restricted	16,696,958
Permanently restricted	6,259,311
TOTAL NET ASSETS	24,281,228
TOTAL LIABILITIES AND NET ASSETS	\$ 24,475,362

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>				
Contributions	\$ 600,719	\$ 469,837	\$ 90,943	\$ 1,161,499
Other income	-	59,713	-	59,713
Net assets released from restrictions	1,190,474	(1,190,474)	-	-
<b>Total Support and Revenues</b>	<b>1,791,193</b>	<b>(660,924)</b>	<b>90,943</b>	<b>1,221,212</b>
<b>Expenses</b>				
Program	1,352,157	-	-	1,352,157
Operating	341,070	-	-	341,070
<b>Total Expenses</b>	<b>1,693,227</b>	<b>-</b>	<b>-</b>	<b>1,693,227</b>
<b>Other Income</b>				
Net realized gain	6,464	293,355	-	299,819
Net unrealized gain	56,139	1,709,413	-	1,765,552
Interest and dividends	25,812	507,916	-	533,728
<b>Total Other Income</b>	<b>88,415</b>	<b>2,510,684</b>	<b>-</b>	<b>2,599,099</b>
<b>TRANSFERS</b>	<b>-</b>	<b>(1,979,418)</b>	<b>1,979,418</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>186,381</b>	<b>(129,658)</b>	<b>2,070,361</b>	<b>2,127,084</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,138,578</b>	<b>16,826,616</b>	<b>4,188,950</b>	<b>22,154,144</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,324,959</b>	<b>\$ 16,696,958</b>	<b>\$ 6,259,311</b>	<b>\$ 24,281,228</b>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 2,127,084
Net unrealized gain	(1,765,552)
Contributions restricted for long-term purposes	(560,780)
Change in operating assets and liabilities	
Accounts receivable	(15,030)
Prepaid expenses	(1,600)
Accounts payable	(769,999)
Net Cash Flows From Operating Activities	<u>(985,877)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(4,605,649)
Proceeds from sales of investments	3,623,209
Change in restricted cash	274,454
Net Cash Flows From Investing Activities	<u>(707,986)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Collections of contributions restricted for long-term purposes	<u>560,780</u>
 <b>NET CHANGE IN UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	
UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(1,133,083)
UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u>1,848,467</u>
	<u>\$ 715,384</u>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Program	Operating	Total
Scholarships	\$ 531,084	\$ -	\$ 531,084
Student assistance	16,855	-	16,855
Allan Hancock College support	324,778	-	324,778
PCPA Foundation support	154,660	-	154,660
Salaries	150,871	62,032	212,903
Employee benefits	19,018	6,824	25,842
Supplies and materials	90,539	35,397	125,936
Contracted personal services	23,754	34,274	58,028
Travel and conference	-	20,645	20,645
Memberships and permits	-	4,272	4,272
Telephone	-	770	770
Postage	-	1,790	1,790
Advertising	38,777	-	38,777
Investment expense	-	169,027	169,027
Miscellaneous expense	1,616	-	1,616
Building and equipment	205	6,039	6,244
Total Expenses	<u>\$ 1,352,157</u>	<u>\$ 341,070</u>	<u>\$ 1,693,227</u>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The Allan Hancock College Foundation (the Foundation) (a California nonprofit corporation) was incorporated in the State of California in 1977 as a nonprofit public benefit corporation. The Foundation was organized with the purpose of providing benefits to the educational programs and services of the Allan Hancock Joint Community College District (the District). The Foundation is a Voluntary Health and Welfare Organization as defined by the Financial Accounting Standards Board (FASB) Accounting Standards of Codification (ASC) Topic 958.

**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 accompanying financial statements are presented in accordance with FASB ASC 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. 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 ASC Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, 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. 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. 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.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

**Use of Estimates**

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

**Classification of Current and Noncurrent Assets and Liabilities**

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

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Foundation also maintains cash balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$250,000. At June 30, 2017, the amount in excess of FDIC and SIPC coverage was \$32,029.

**Accounts Receivable**

Accounts receivable consists primarily of interest and donations receivable. Bad debts are accounted for by the direct write-off method. Management has deemed all amounts as collectable; therefore, no allowance for doubtful accounts is considered necessary.

**Investments**

Short-term investments are valued at amortized cost, which approximates market value. Investment transactions are recorded on the trade date. Realized gain and losses on sales of investments are determined on the specific identification basis.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2017 was \$38,777.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Income Taxes**

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken, or expected to be taken, on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

The Foundation's Federal informational tax returns for the years ended June 30, 2014, 2015, and 2016, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2013, 2014, 2015, and 2016, are open to audit by State authorities.

**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 and operating activities.

***NOTE 2 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2017 represent amounts due to the Foundation as follows:

Accrued interest	\$ 13,153
Miscellaneous	904
Total	<u>\$ 14,057</u>



**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 - INVESTMENTS**

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2017:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Common stock	\$ 10,715,014	\$ 11,606,570	\$ 891,556
Corporate bonds and notes	2,931,026	3,174,905	243,879
U.S. Government securities	861,410	933,085	71,675
Exchange traded funds	561,619	608,349	46,730
Mutual funds	6,149,922	6,661,634	511,712
Total	<u>\$ 21,218,991</u>	<u>\$ 22,984,543</u>	<u>\$ 1,765,552</u>

Investment activity for the year ended June 30, 2017:

Net realized gain on investments	\$ 299,819
Net unrealized gains on investments	1,765,552
Interest and dividends	533,728
Total Investment Income	<u>2,599,099</u>
Investment expenses	(169,027)
Total Investment Income, Net of Expenses	<u>\$ 2,430,072</u>

**NOTE 4 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Effective January 1, 2008, the Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and describes three levels of inputs that may be used to measure fair value.

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

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

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

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2017. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2017.

ASSETS	Level I
Common stock	\$ 11,606,570
Corporate bonds and notes	3,174,905
U.S. Government securities	933,085
Exchange traded funds	608,349
Mutual funds	6,661,634
Total	<u>\$ 22,984,543</u>

***NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES***

The Foundation participated in the Foundation for California Community Colleges (FCCC) Osher Scholarship Challenge. This program challenged community colleges and their related foundations to raise additional contributions to be designated as part of a permanent endowment for the FCCC's Osher Scholarship Endowment. Foundations participating in this challenge campaign are guaranteed scholarship monies for qualifying students of the community college district. The Foundation raised \$100,000 toward this challenge campaign. At June 30, 2017, \$121,564 is held as permanently restricted within the Foundation net assets and is held with the FCCC. A total of \$6,600 was received during the year and made available for scholarships as qualifying students are identified. The Foundation receives no additional interest or dividends on the balance held at FCCC, and does not participate in the investment management of the funds. All donations to the FCCC Osher Scholarship Endowment must be left in the fund permanently, and cannot be returned or used for other purposes.

***NOTE 6 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2017, represent amounts owed by the Foundation as follows:

Vendor payables	<u>\$ 17,078</u>
-----------------	------------------

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS***

The following table shows the temporarily restricted net asset accounts at June 30, 2017, with balances in excess of \$100,000 shown discretely:

Patricia J. Boyd Fund	\$ 12,113,998
Orfaea Foundation	782,125
STEM Grant Endowment	497,182
Wood-Claeysens Foundation Grant	206,362
Annual President's Circle Campaign	201,532
Other temporarily restricted accounts	2,895,759
Total	<u><u>\$ 16,696,958</u></u>

During the year ended June 30, 2017, temporarily restricted assets totaling \$1,190,474 were released to the unrestricted fund which records the programs' expenses.

***NOTE 8 - PERMANENTLY RESTRICTED NET ASSETS***

The following table shows the permanently restricted net asset accounts at June 30, 2017, with balances in excess of \$100,000 shown discretely:

Boyd Music Program	\$ 2,000,000
Rick Family Memorial Endowment	473,500
William C. Adam Endowment	270,000
Edwin O'Neil Law Endowment	263,719
Hansen Engineering Scholarship Endowment	220,000
Bartleson Family Trust	217,982
Lola A. Dority Endowment	150,000
Bartleson Osher Endowment	121,564
Urbach-Sjovold Scholarship Endowment	114,867
Marian Hancock Memorial Endowment	101,945
Lipscomb Scholarship Endowment	100,000
R. Perlman Playwright Endowment	100,000
Glenn H. Robinson Endowment	100,000
Other permanently donor restricted accounts	2,025,734
Total	<u><u>\$ 6,259,311</u></u>

***NOTE 9 - TRANSFERS BETWEEN FUNDS***

During the year ended June 30, 2017, permanently restricted funds were transferred to temporarily restricted endowments based on management analysis and donor authorizations.

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10 - ENDOWMENTS**

The Foundation's endowment consists of 141 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**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 has classified as permanently restricted net assets (a) original value of gifts donated to permanent endowment (b) plus the original value of subsequent gifts to the endowments (c) plus accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift 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: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

As of June 30, 2017, endowment net assets were composed of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	\$ -	\$ 14,398,712	\$ 4,259,311	\$ 18,658,023
Board-designated endowment funds	1,126,315	-	2,000,000	3,126,315
Total	<u>\$ 1,126,315</u>	<u>\$ 14,398,712</u>	<u>\$ 6,259,311</u>	<u>\$ 21,784,338</u>

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Balance at July 1, 2016	\$ 848,813	\$ 13,881,725	\$ 4,188,950	\$ 18,919,488
Investment income, net of fees	25,812	200,717	-	226,529
Net change in value	(189,513)	2,474,066	-	2,284,553
Contributions	451,549	31,517	90,943	574,009
Amounts appropriated for expenditures	(10,346)	(209,895)	-	(220,241)
Other changes and net transfers	-	(1,979,418)	1,979,418	-
Endowment net assets, June 30, 2017	<u>\$ 1,126,315</u>	<u>\$ 14,398,712</u>	<u>\$ 6,259,311</u>	<u>\$ 21,784,338</u>

**Funds With Deficiencies**

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor of the UPMIFA required the Foundation to retain as a fund of perpetual duration ("below water endowments"). In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature reported as of June 30, 2017.

**Return Objectives and Risk Parameters**

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

**Strategies Employed for Achieving Objectives**

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

**ALLAN HANCOCK COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

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

***NOTE 11 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2017, through December 13, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Auditor's Draft IRS Form 990 for period ending June 30, 2017</b>	

**BACKGROUND**

As a part of the foundation's annual audit, the accounting firm Vavrinek, Trine, Day & Co., LLP also prepares the Internal Revenue Service's Form 990. The firm has provided the foundation with Form 990 final draft for the committee's review and approval, which will be distributed at the meeting.

**RECOMMENDATION**

The Executive and Finance Committees recommend approval to accept as submitted the Auditor's Draft IRS Form 990 for period ending June 30, 2017.

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Glenn Owen Treasurer &amp; Chair, Finance Committee</b>	<b>January 23, 2018</b>
<b>Subject: Review of Financial Statements</b>	

**BACKGROUND**

A review of the Allan Hancock College Foundation financial statements.

--Contributions Report – 11/30/2017	page 53
--Statement of Operations – 11/30/2017	page 54
--Balance Sheet – 11/30/2017	page 55
--Portfolio Summary - 11/30/2017	page 56
--General Operations Budget – 11/30/2017	page 57

**RECOMMENDATION**

The Executive and Finance Committees recommend approval of the financial statements as submitted.



**Allan Hancock College Foundation  
Contributions  
July 1, 2017 through June 30, 2018**

Account	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
General Operations	\$ 990	\$ 226	\$ 236	\$ 283									\$ 1,715
40th Gala Celebration	\$ 12,300	\$ 46,004	\$ 77,361	\$ 33,474									\$ 169,139
Hancock Promise			\$ 43,700	\$ 46,100									\$ 89,800
Endowments - Unrestricted													\$ -
President's Circle	\$ 7,552	\$ 6,869	\$ 2,728	\$ 6,672	\$ 2,686								\$ 26,507
Restricted	\$ 7,616	\$ 3,037	\$ 1,000	\$ 36,351	\$ 6,536								\$ 54,539
Scholarships	\$ 21,093	\$ 42,461	\$ 6,170	\$ 30,860	\$ 16,780								\$ 117,264
Endowments	\$ 220	\$ 29,120	\$ 1,470	\$ 20	\$ 700								\$ 31,530
<b>MONTHLY TOTALS</b>	<b>\$ 37,471</b>	<b>\$ 94,012</b>	<b>\$ 57,372</b>	<b>\$ 195,200</b>	<b>\$ 106,538</b>								
<b>CURRENT YTD TOTALS</b>	<b>\$ 37,471</b>	<b>\$ 131,483</b>	<b>\$ 188,855</b>	<b>\$ 384,055</b>	<b>\$ 490,593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 490,593</b>

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**PRIOR YEARS CONTRIBUTIONS**

July 10 - June 17	1,167,156
July 15 - June 16	1,766,065
July 14 - June 15	1,354,736
July 12 - June 13	11,662,226
July 11 - June 12	774,867
July 10 - June 11	907,673
July 09 - June 10	941,725
July 08 - June 09	1,053,236
July 07 - June 08	1,070,668
July 06 - June 07	1,098,427
July 05 - June 06	1,125,361
July 04 - June 05	951,050

**NOTES:**

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

ALLAN HANCOCK COLLEGE FOUNDATION  
STATEMENT OF OPERATIONS BY SUBFUND  
FOR THE PERIOD ENDING 11/30/2017

	Rounded to the Nearest Dollar						
	Cash Admin	General Operations	Restricted	Scholar- ships	Endowment Principal	Endowment Rev/Exp	Total
<b>REVENUE:</b>							
Contributions	0	123,235	77,049	117,364	121,330	0	438,978
Contributions non-cash	0	0	0	0	0	0	0
District Grant Contributions	0	12,682	0	0	0	0	12,682
Interest and dividends	0	8,110	0	0	0	167,163	175,273
Gain/Loss on sale of investments	0	385	0	0	0	179,427	179,813
Change in asset portfolio	0	30,501	0	0	0	1,085,567	1,116,068
Other Local Revenues	0	47,619	3,997	0	0	0	51,615
Total revenue	0	222,531	81,046	117,364	121,330	1,432,157	1,974,428
<b>EXPENDITURES:</b>							
Scholarships	0	0	0	448,884	0	0	448,884
Student Assistance	0	0	14,545	0	0	0	14,545
District/College Support	0	0	14,205	0	0	0	14,205
PCPA Support	0	0	0	37,324	0	0	37,324
Salaries	0	93,508	0	0	0	0	93,508
Employee benefits	0	9,025	0	0	0	0	9,025
Supplies and materials	0	40,999	29,929	0	0	0	70,928
Contracted personal services	0	5,350	0	0	0	0	5,350
Travel and conference	0	15,564	27,855	0	0	0	43,419
Memberships and permits	0	315	369	0	0	0	684
Technology Services	0	0	0	0	0	0	0
Telephone	0	268	0	0	0	0	268
Contracts and leases	0	50,129	0	0	0	0	50,129
Postage and advertising	0	4,926	7,077	0	0	0	12,003
Bank/brokerage charges	0	9,022	149	0	0	76,706	85,876
Miscellaneous expense	0	6,336	6	0	0	0	6,342
Building and equipment	0	0	422	0	0	0	422
Credit Card Disc. Fees	0	0	0	0	0	0	0
Total expenditures	0	235,442	94,556	486,208	0	76,706	892,912
Net income(loss)	0	-12,911	-13,510	-368,844	121,330	1,355,451	1,081,516
<b>OTHER FINANCING SOURCES/OUTGO:</b>							
Transfers in	0	204,495	4,074	9,865	25,223	1	243,657
Transfers out	0	5,887	32,422	28,788	0	176,560	243,657
Net transfers	0	198,608	-28,348	-18,923	25,223	-176,559	0
Net inc/dec in fund bal	0	185,697	-41,858	-387,767	146,553	1,178,892	1,081,516
<b>FUND BALANCE:</b>							
Fund equity, July 1	0	198,645	1,593,730	704,516	18,861,258	2,923,080	24,281,228
Current balance	0	384,342	1,551,871	316,749	19,007,811	4,101,971	25,362,744

ALLAN HANCOCK COLLEGE FOUNDATION  
BALANCE SHEET BY SUBFUND  
FOR PERIOD ENDED 11/30/2017

	Cash Admin	Rounded to the Nearest Dollar General Operations	Restricted	Dollar Scholarships	Endowment Principal	Endowment Rev/Exp	Total
<b>ASSETS</b>							
Cash, Prepaid, & Securities							
Claim on Cash	-8,604,678	376,785	1,551,821	325,625	2,248,475	4,101,971	0
Claim on Cash-Treasury	0	0	0	0	0	0	0
Checking	372,834	0	0	0	0	0	372,834
Credit Card	4,461	0	0	0	0	0	4,461
Cash on hand	100	0	0	0	0	0	100
Prepaid Expense	0	0	0	0	0	0	0
Investment cash	226,298	0	0	0	313,517	0	539,816
Investment securities	6,697,386	0	0	0	14,397,280	0	21,094,666
FMV increase/decrease	1,303,597	0	0	0	2,048,447	0	3,352,045
T1 Cash Prepd & Securities	0	376,785	1,551,821	325,625	19,007,720	4,101,971	25,363,923
Receivables							
Accounts receivable	0	0	125	0	0	0	125
Due from other funds	0	7,948	0	0	0	0	7,948
Accrued interest receivable	0	0	0	0	91	0	91
Payroll taxes receivable	0	0	0	0	0	0	0
Total receivables	0	7,948	125	0	91	0	8,164
Total assets	0	384,733	1,551,946	325,625	19,007,811	4,101,971	25,372,087
<b>LIABILITIES</b>							
Accounts payable	0	0	0	0	0	0	0
Payroll taxes payable	0	0	0	0	0	0	0
Sales tax payable	0	391	0	3	0	0	394
Due other funds	0	0	75	8,873	0	0	8,948
Total liabilities	0	391	75	8,876	0	0	9,342
<b>FUND BALANCE</b>							
Fund equity FYB	0	198,645	1,593,730	704,516	18,861,258	2,923,080	24,281,228
Current income/loss	0	185,697	-41,858	-387,767	146,553	1,178,892	1,081,516
Total fund balance	0	384,342	1,551,871	316,749	19,007,811	4,101,971	25,362,744
Total liab & fund balance	0	384,733	1,551,946	325,625	19,007,811	4,101,971	25,372,087

**ALLAN HANCOCK COLLEGE FOUNDATION**  
 Summary of Portfolio Allocation  
 July 1, 2017 - November 30, 2017

<b>GENERAL OPERATIONS, RESTRICTED and SCHOLARSHIPS</b>	<b>7/1/2017</b>	<b>11/30/2017</b>
Morgan Stanley Active Assets, .050%	\$ 633,799	\$ 193,845
Morgan Stanley, Consulting Group Advisor	\$ 712,036	\$ 749,364
Rabobank - Checking	\$ 132,871	\$ 178,989
Rabobank - Credit Card	\$ 9,375	\$ 4,461
Cash on Hand	\$ 100	\$ 100
<b>Sub-Total</b>	<b>\$ 1,488,181</b>	<b>\$ 1,126,760</b>

<b>ENDOWMENTS</b>	<b>Investment Basis</b>	<b>Beginning Market Value 07/01/17</b>	<b>Ending Market Value 11/30/2017</b>	<b>Total Market Value Change YTD</b>
Morgan Stanley	\$ 2,984,748	\$ 5,529,623	\$ 5,859,544	\$ 329,921
LPL Financial	\$ 854,408	\$ 1,544,711	\$ 1,618,373	\$ 73,662
Osher-Bartleson Fund Endowment	\$ 100,000	\$ 121,564	\$ 121,564	\$ -
Northern Trust (Young Quasi Endowment)	\$ 1,314,311	\$ 1,485,088	\$ 1,447,427	\$ (37,661)
LPL Financial	\$ 13,000	\$ 60,835	\$ 61,753	\$ 918
<b>Sub-Total</b>	<b>\$ 5,266,468</b>	<b>\$ 8,741,821</b>	<b>\$ 9,108,662</b>	<b>\$ 366,841</b>

**PATRICIA J. BOYD FUND**

Rabobank Wealth Management	\$ 4,000,000	\$ 4,510,000	\$ 4,746,227	\$ 236,227
Northern Trust	\$ 6,000,000	\$ 7,022,170	\$ 7,527,122	\$ 504,952
Morgan Stanley	\$ 2,115,777	\$ 2,739,579	\$ 2,866,878	\$ 127,299
<b>Sub-Total</b>	<b>\$ 12,115,777</b>	<b>\$ 14,271,748</b>	<b>\$ 15,140,226</b>	<b>\$ 868,478</b>

**\$ 24,501,750**

<b>Total General Opr, Restricted, Scholarships &amp; Endowments</b>	<b>\$ 25,375,648</b>
<b>Accounts Receivable</b>	<b>\$ 8,164</b>
<b>Total Assets</b>	<b>\$ 25,372,087</b>
<b>Total Liabilities - Accounts Payable</b>	<b>\$ (9,342)</b>
<b>Net Assets</b>	<b>\$ 25,362,745</b>

**Allan Hancock College Foundation  
Operating Budget  
July 1, 2017 - November 30, 2017**

	2017-18 Approved Budget	2017-18 Rev/Exp thru 11/30/17	2017-18 Remaining Budget
<b>REVENUE</b>			
General Operations - Unrestricted Contributions	\$ 25,750	\$ 1,265	\$ 24,485
General Operations - Interest	\$ 23,760	\$ 8,110	\$ 15,650
Administration Fee - 1.5%	\$ 70,000	\$ 37,173	\$ 32,827
President's Circle Campaign	\$ 15,000	\$ 2,572	\$ 12,428
Consulting Group Advisor - Unrealized Gain/Loss	\$ 38,000	\$ 30,886	\$ 7,114
Marian Hancock Trust	\$ 24,750	\$ 24,750	\$ -
F. Young Endowment Proceeds	\$ 140,000	\$ 140,000	\$ -
Transfer In	\$ 30,000		
District Title 5 Support - Advancement Specialist	\$ 58,528	\$ 12,682	\$ 45,846
Other Local Income		\$ 450	\$ (450)
Foundation 40th Celebration/Hancock Promise	\$ 260,000	\$ 258,939	\$ 1,061
<b>Unrestricted Endowment Proceeds</b>	<b>\$ 3,000</b>		<b>\$ 3,000</b>
<b>TOTAL GENERAL OPERATIONS REVENUE</b>	<b>\$ 688,788</b>	<b>\$ 516,826</b>	<b>\$ 141,962</b>
<b>EXPENSES</b>			
Executive Director	\$ 48,568		\$ 48,568
Staff Salaries	\$ 240,850	\$ 93,508	\$ 147,342
Employee Benefits & Payroll Taxes	\$ 44,251	\$ 9,025	\$ 35,226
Public Relations	\$ 10,000	\$ 567	\$ 9,433
Foundation Community Events	\$ 10,000	\$ 9,926	\$ 74
Operational Supplies	\$ 6,500	\$ 2,577	\$ 3,923
Printing	\$ 8,500	\$ 3,092	\$ 5,408
Food Supplies	\$ 5,500	\$ 897	\$ 4,603
Consultants, Service Contracts	\$ 4,500	\$ 844	\$ 3,656
Conferences	\$ 7,500	\$ 3,823	\$ 3,677
Business Travel Expense	\$ 1,500	\$ 815	\$ 685
Dues and Memberships	\$ 2,500	\$ 295	\$ 2,205
Licenses, Permits, Filing Fees	\$ 250	\$ 156	\$ 94
Telephone	\$ 700	\$ 268	\$ 432
Agreements (Scholarship Program)	\$ 9,000		\$ 9,000
Equipment Leases & Agreements	\$ 550	\$ 69	\$ 481
Postage and Courier Services	\$ 2,500	\$ 2,037	\$ 463
Advertising	\$ 5,000	\$ 150	\$ 4,850
Bank Service Charges	\$ 1,150	\$ 673	\$ 477
Brokerage Fees	\$ 11,850	\$ 6,447	\$ 5,403
Equipment & Computer Software	\$ 1,000		\$ 1,000
Foundation Gala	\$ 100,000	\$ 102,087	\$ (2,087)
Title III Scholarship & Program Funding	\$ 13,500		\$ 13,500
Scholarship Funding			\$ -
Annual Scholarship Banquet	\$ 4,500	\$ 4,074	\$ 426
Transfer Out - President's One-Time Funding			\$ -
Transfer out - Hancock Promise Endowment		\$ 89,800	\$ (89,800)
<b>TOTAL GENERAL OPERATING EXPENSES</b>	<b>\$ 540,169</b>	<b>\$ 331,130</b>	<b>\$ 209,039</b>
<b>Net Revenue/Expenses</b>	<b>\$ 148,619</b>	<b>\$ 185,696</b>	
<b>Beginning Fund Balance, July 1, 2017</b>	<b>\$ 289,766</b>	<b>\$ 198,645</b>	
<b>CURRENT FUND BALANCE</b>	<b>\$ 438,385</b>	<b>\$ 384,342</b>	<b>\$ -</b>

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Susan Houghton Executive Director, College Advancement</b>	<b>January 23, 2018</b>
<b>Subject: Corporate Resolution No. 2018-01</b>	

**BACKGROUND**

As part of its corporate business, the foundation's board of directors annually considers a resolution for the authorization of savings, checking, and investment account signatures necessary to conduct its day-to-day business. This resolution is intended to be compliant with the District's *Authorized Signature Forms for the 2018 Calendar Year and Resolution 17-39, Delegation of Governing Board Powers and Duties*. However, Dr. George A. Railey, Jr. is no longer employed with Allan Hancock College as he took another position out-of-state.

**RECOMMENDATION**

Staff recommends approval of Corporate Resolution No. 2018-01 *Authorization of Savings, Checking, and Investment Account Signatures* as submitted.



**RESOLUTION NO. 2018-01**

**A RESOLUTION OF THE ALLAN HANCOCK COLLEGE FOUNDATION**

**BOARD OF DIRECTORS**

**AUTHORIZATION OF SAVINGS, CHECKING AND  
INVESTMENT ACCOUNT SIGNATURES**

WHEREAS, the establishment of various commercial savings, checking and investment accounts is necessary for the conduct of foundation business; and

WHEREAS, appropriate foundation personnel must be authorized signatories for the accounts;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Allan Hancock College Foundation hereby authorizes the following individuals as signatories for the Allan Hancock College Foundation savings, checking, and investment accounts.

Any two of the following:

- |       |   |
|-------|---|
| _____ | Kevin G. Walthers, Ph.D.<br><i>Ex Officio</i> Foundation Director<br>Allan Hancock College Superintendent/President |
| _____ | Michael R. Black<br>Allan Hancock College Associate Superintendent/Vice President,<br>Finance and Administration    |
| _____ | Jessica Blazer<br>Allan Hancock College Director, Business Services   |

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE ALLAN HANCOCK COLLEGE FOUNDATION this 23<sup>rd</sup> day of January, 2018.

\_\_\_\_\_  
Mary Nanning, Secretary to the Board of Directors

<b>To: Board of Trustees</b>	<b>INFORMATION</b>
<b>From: Susan Houghton Executive Director, College Advancement</b>	<b>January 23, 2018</b>
<b>Subject: 2017 Accomplishments by Foundation Committees</b>	

**BACKGROUND**

A PowerPoint presentation will be provided with Foundation accomplishments for 2017.



<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Susan Houghton Executive Director, College Advancement</b>	<b>January 23, 2018</b>
<b>Subject: 2018 Goals and Mission Statement</b>	

**BACKGROUND**

The following goals for 2018 for the foundation board are provided for discussion:

- *Hancock Promise* - \$10 million Campaign over 5 years
- Fine Arts Complex support
- Bond – engage community support
- Maintain scholarship program and President’s Circle support
- Continue to support Allan Hancock College programs
- Review of the mission statement for the Allan Hancock College Foundation, which was last revised in 2009.

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

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Susan Houghton Executive Director, College Advancement</b>	<b>January 23, 2018</b>
<b>Subject: Committees and Chairs for 2018</b>	

**BACKGROUND**

The Foundation committees and chairs for 2018 is presented for the board's review and discussion. The committee list follows on the next page.

**Recommendation**

The Executive Committee recommends approval of the 2018 Committees and Chairs as submitted, that includes the new committee, *Hancock Promise*, and sunsets the *40<sup>th</sup> Gala Anniversary Committee*.

## AHC FOUNDATION - 2018 COMMITTEES

### Executive Committee

Staff liaison: Susan/Toni

Members:

Valerie Moya Boice (2023) <i>Pres/Chair</i>	Guy Walker (2022)	Robert Manning (2021)
Trustee Jeff Hall	Glenn Owen (2026)	Mary Nanning (2020)
Kevin Walthers	Lee-Volker Cox (2025)	

### Governance/Nominations

Staff liaison: Toni

Members:

Mario Juarez (2025) *Chair*  
Georgia Schrage (2021)  
Ken Ostini (2026)

### President's Circle

Staff liaison: Nancy Gastelum

Members:

Maggi Daane (2026) *Chair*  
Rebecca Alarcio (2026)  
Roger Welt (2019)  
Trustee Jeff Hall

### Scholarship

Staff liaison: Toni

Members:

Ken Ostini (2026)  
Robert Manning (2021) *Chair*  
Tim Harrington (2027)

### Ambassadors/Alumni

Staff liaison: Natalie

Members:

Michael Carroll (2024) <i>Chair</i>	Frank Campo (2026)
Jim Bray (2023)	Robert Klug (2024)
<i>Rick Rust – new director nomination January 2018</i>	

## AHC FOUNDATION - 2018 COMMITTEES

### Finance

Staff liaison: Marlyn/Keli

Members:

Glenn Owen (2026) *Treasurer/Chair*

Michael Black

Lee-Volker Cox (2025)

Peggy Hesse (2023)

Judy Frost (2026)

Tom Lopez (2019)

### HANCOCK PROMISE

Staff liaison: Susan

Members:

Guy Walker (2022) *Chair*

Jim Fields (2025)

Doris Lahr (2021)

George Johnson (2023)

Valerie Moya-Boice (2023)

Trustee Greg Pensa

Lee Volker Cox (2025)

Ed Cora (2026)

*Dan Stevens - new director nomination January 2018*

Missing Submissions:

Sam Orozco (2026)

<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Susan Houghton Executive Director, College Advancement</b>	<b>January 23, 2018</b>
<b>Subject: Gala Budget Summary and Recommendation</b>	

**BACKGROUND**

The 40<sup>th</sup> Anniversary Gala on October 21, 2017 was a huge success. Most expenses are paid and net revenues are approximately \$136,606, of which \$84,600 is directed for the *Hancock Promise* endowment fund. This leaves approximately \$52,006 in unrestricted funding. The Finance Committee supports the following allocation of funding based on the recommendation of staff:

- \$25,000 for the AIM Grant/Scholarship fund – this will allow the foundation to consider grant opportunities for the *Hancock Promise* in 2018, and avoid a donor/organization to choose between AIM or the *Hancock Promise* for the gift. Staff will continue to research specific AIM opportunities and donors who wish to give to non-credit programs.
- \$27,006 to support the costs and implementation of the Hancock Promise.

**Recommendation**

The Executive and Finance Committees recommend approval of the allocation of the approximately \$52,006 in unrestricted funding with \$25,000 directed for the AIM Grant/Scholarship fund and \$27,006 to support the costs and implementation of the Hancock Promise.

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Guy Walker Vice President &amp; Chair, Hancock Promise Committee</b>	<b>January 23, 2018</b>
<b>Subject: Hancock Promise Committee Update</b>	

**BACKGROUND**

Information will be shared with the Executive Team about this new committee and goals/expectations for 2018.

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Michael Carroll Chair, Community Ambassador's Committee</b>	<b>January 23, 2018</b>
<b>Subject: Community Ambassador's Committee Update</b>	

**BACKGROUND**

The Community Ambassador Program continues to progress. There has been three sessions highlighting Academic Affairs, Student Services, Community Education, Industrial Technology, and a general overview of AHC. The next session will be highlighting the Lompoc Valley campus and the Public Safety complex. Our Community Ambassadors will be educated on the public safety programs, the overall Lompoc campus, and they will get to watch the recruits demonstrate the simulators. This session takes place on January 26, 2018. There will be three more sessions after this.

- January 26, 2018                      12 p.m. – 4 p.m.
- March 15, 2018                        12 p.m. – 4 p.m.
- May 18, 2018                          12 p.m. – 4 p.m.
- July 26, 2018                          4 p.m. – 6 p.m.

<b>To: Board of Directors</b>	<b>INFORMATION</b>
<b>From: Maggi Daane Chair, President's Circle Committee</b>	<b>January 23, 2018</b>
<b>Subject: President's Circle Committee Update</b>	

**BACKGROUND**

The President's Circle will be hosting several events this year:

- An educational lecture sometime in March
- The PCPA Encore Circle/President's Circle annual event - April 28, 2018
- A Spring/Summer cultivation event
- A tailgate party in the fall (September/October) – AHC Football Game

Dates will be shared as venues and details are confirmed.



<b>To: Board of Directors</b>	<b>ACTION</b>
<b>From: Bob Manning Chair, Scholarship Committee</b>	<b>January 23, 2018</b>
<b>Subject: Scholarship Program 2018 and Recommendation</b>	

**BACKGROUND**

The online scholarship program is open for students to submit an application for scholarship opportunities provided through the Allan Hancock College Foundation. Staff are working with annual donors to secure their participation for this year, and will be contacting endowment donors in late January with funding available for scholarships this year. The work of the *Scholarship Working Team Committee* begins in late January that will include reading/ranking eligible student applications and identifying students for donor scholarship awards. This year, for the first time, the scholarship committee members will be included on this review team to participate in the reading/ranking/selection process.

New this year is our collaboration with Scholarship Foundation of Santa Barbara (SFSB) to bring their annual scholarship awards ceremony for north county students to our campus. Their event is scheduled for Tuesday, May 22, 2018. A report by staff on a meeting recently with representatives from (SFSB).

**Recommendation**

The Executive Committee and Scholarship Committee is recommending approval by the board of directors that the annual scholarship event scheduled for Thursday, May 24, 2018 be funded by the AHC Foundation (through various revenue sources); that the event return to a dinner format, that student award winners and donors be permitted to bring one guest each, and that the event be complimentary for all guests.