

SAN BRUNO

Community Foundation

Board of Directors

Nancy A. Kraus, *President* • Frank Hedley, *Vice President* • John P. McGlothlin, *Secretary* • Tim Ross, *Treasurer*
Patricia Bohm • Emily Roberts • Regina Stanback Stroud
Leslie Hatamiya, *Executive Director*

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

November 7, 2018

7:00 p.m.

Meeting Location:

San Bruno Senior Center, 1555 Crystal Springs Road, San Bruno

In compliance with the Americans with Disabilities Act, individuals requiring reasonable accommodations or appropriate alternative formats for notices, agendas, and records for this meeting should notify us 48 hours prior to meeting. Please call the City Clerk's Office at 650-616-7058.

- 1. Call to Order/Welcome**
- 2. Roll Call**
- 3. Approval of Minutes:** September 5, 2018, Regular Board Meeting
- 4. Board Member Comments**
 - a. President
 - b. Others
- 5. Executive Director's Report**
- 6. Consent Calendar:** All items are considered routine or implement an earlier Board action and may be enacted by one motion; there will be no separate discussion unless requested by a Board Member or staff.
 - a. Receive and Approve Treasurer's Report (August and September 2018 Financial Statements)

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7. Conduct of Business

- a. Receive Report from Novogradac & Company LLP Regarding the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2018, and Adopt Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2018
- b. Receive Report from Ad Hoc Committee on Recreation and Aquatics Center Project
- c. Receive Report on Other Programs (Community Grants Fund, Crestmoor Neighborhood Memorial Scholarship, Other Strategic Grants)
- d. Elect Officers for 2019

- 8. Public Comment:** Individuals are allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, contact the President to request that the Board consider your comments earlier. It is the Board's policy to refer matters raised in this forum to staff for research and/or action where appropriate. The Brown Act prohibits the Board from discussing or acting upon any matter not agendaized pursuant to State Law.

9. Adjourn

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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

September 5, 2018

7:00 p.m.

Meeting Location:

San Bruno Senior Center, 1555 Crystal Springs Road, San Bruno

- 1. Call to Order/Welcome:** President Nancy Kraus called the meeting to order at 7:02 p.m.
- 2. Roll Call:** Board Members Kraus, Hedley, McGlothlin, Ross, Bohm, Roberts, and Stanback Stroud, present.
- 3. Approval of Minutes:** June 6, 2018, Regular Board Meeting: Vice President Hedley moved to approve the minutes of the June 6, 2018, Regular Board Meeting, seconded by Board Member Roberts, approved unanimously.
- 4. Presentations**

- a. Introduction of New San Bruno City Manager Jovan Grogan

President Kraus introduced Jovan Grogan, the new San Bruno City Manager to the Board. Mr. Grogan made brief remarks, thanking the Board for its work on behalf of the San Bruno community, including its funding of the new recreation and aquatics center, and highlighted the management transition currently taking place in various City departments.

- b. Overview of the Skyline College Promise Scholars Program by Ellen Murray, Director of the Promise Scholars Program

Due to her professional affiliation with Skyline College, Board Member Stanback Stroud recused herself from this agenda item and left the room.

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President Kraus introduced Ellen Murray, Director of the Skyline Promise Scholars Program at Skyline College. She remarked that since education is a strategic grantmaking priority area, the Foundation invited Ms. Murray to brief the Board on the Skyline Promise Scholars Program.

Along with Dr. Angelica Garcia, Vice President for Student Services at Skyline, Ms. Murray gave a brief overview of the Skyline Promise Scholars Program. She began by highlighting research supporting the notion that an educated community is a thriving community. She then explained the Promise Scholars Program, which aims to dramatically increase graduation rates at Skyline by providing financial, academic, and student services support to full-time students. She said the program is based on the ASAP model at the City University of New York, that 2018-2019 is the first year of replicating the full model after two cohorts participating in a pilot program, and that the program has been funded by the Skyline President's Council and a combination of grants.

5. Board Member Comments

- a. President: President Kraus welcomed the other Board members to the meeting and thanked Foundation staff for their work over the summer.
- b. Others: Board Member Stanback Stroud shared copies of Skyline College's Annual Report with Board Members and informed them of Skyline's Success Summit, a half-day forum on September 28 bringing together business, civic, nonprofit, and academic leaders to discuss critical issues facing San Mateo County.

6. Executive Director's Report: Executive Director Leslie Hatamiya announced that the Foundation's Annual Report was mailed to all San Bruno addresses the previous day, that the San Bruno City Council approved the Foundation's fiscal year 2018-2019 budget on June 26, and that website traffic and e-newsletter readership have remained stable in recent months.

7. Consent Calendar

- a. Adopt Resolution Canceling the October 3, 2018, Regular Board Meeting
- b. Adopt Resolution Ratifying Approval of \$250,000 Strategic Grant to the San Bruno Education Foundation to Support the San Bruno Park School District's School Transformation Effort at Parkside Intermediate School and to Implement the SEAL Program at Belle Air and Allen Elementary Schools
- c. Adopt Resolution Approving Appointments to the Investment Committee
- d. Receive and Approve Treasurer's Report (May, June, and July 2018 Financial Statements)

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Board Member Stanback Stroud moved to accept the Consent Calendar as presented, seconded by Treasurer Tim Ross, approved unanimously.

8. Conduct of Business

- a. Receive Report from Investment Committee and Presentation from Sand Hill Global Advisors, LLC, Regarding SBCF's Investment Portfolio

Investment Committee Chair Ross gave a brief summary of the Committee's most recent quarterly meeting, which was held on August 22, 2018. He reported that the meeting included the quarterly report from the team at Sand Hill Global Advisors, LLC, the Foundation's investment adviser. He also noted that the next Investment Committee meeting is scheduled for Tuesday, November 27, 2018.

Chair Ross then introduced Brian Dombkowski, Sand Hill's CEO, and Senior Wealth Manager and San Bruno resident Kristin Sun to give the firm's annual presentation to the Board.

Mr. Dombkowski gave the firm's assessment of the economic and market outlook and described the market as mid to late cycle. He then reviewed the three pools of the Foundation's investment portfolio: (1) a Quasi-Endowment Pool, with a long-term time horizon following a classic endowment investment strategy (June 30, 2018, balance of \$17,521,667); (2) a Strategic Pool to be spent down on strategic projects and operations (June 30 balance of \$55,451,122), and (3) a Liquidity Pool to cover the Foundation's near-term cash needs (June 30 balance of \$356,359). He described the overall performance of the three pools of funds as positive, with a combined value, as of June 30, 2018, of \$73,329,147, which was an increase from the initial funding balance of \$69,945,290 in May 2016, when the Foundation took possession of the restitution funds. Mr. Dombkowski ended his presentation by remarking that the firm is committed to remaining an independent fiduciary and is honored to work on behalf of the Foundation and the San Bruno community.

- b. Receive Report on Music Education Strategic Initiative

Executive Director Hatamiya reminded the Board that in 2017 the Foundation launched a Music Education Strategic Initiative, investing \$495,000 through the San Bruno Education Foundation and the Capuchino High School Alumni Association in the music education programs of San Bruno's public schools. She then introduced SBEF Vice President Bryan Vander Lugt and CHSAA Vice President Judy Puccini to provide a report on the implementation of the Initiative over the past year and plans for the second year.

Ms. Puccini reported on the programs that Foundation funding has supported thus far, including offering the Music for Minors program to all elementary school students in the San Bruno Park School District (benefiting about 2,000 students), offering an after-school instrumentals program for 5th graders (30 students), providing instruments, equipment, and supplies to the Parkside Intermediate School music program (about 300 students), and providing band uniforms, transportation, and other equipment for the Capuchino High School music program (about 200 students). She handed out a brochure for the

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Capuchino High School music program and noted the various awards that Parkside and Capuchino musicians have received.

Dr. Vander Lugt discussed some of the challenges the two organizations have faced in implementing the Initiative, including the high turnover rate of the music teachers in the Music for Minors program due to the high cost of living in the Bay Area, the challenges of working together with partner organizations including the PTAs, and developing strategies for attracting other sources of funding to continue the programs. He also highlighted many of the positive developments, beyond the enhanced music programs, arising out of the Initiative, including the motivation for many different organizations from elementary to high school to collaborate on this effort, new, enthusiastic, and supportive leadership at Capuchino and the San Bruno Park School District, and the resulting community engagement. He invited the Board and all community members to attend “Music in the Air,” a variety show-style event showcasing the public school music programs, to be held on Saturday, November 3, at Capuchino High School. He reported that YouTube is the lead sponsor for the event, and the goals for the event include both fundraising and community awareness. He said SBEF has enlisted the services of a videographer to create an impact video highlighting the rich music education history in San Bruno’s public schools.

Board Members expressed their appreciation to Dr. Vander Lugt, Ms. Puccini, and members of the Initiative’s steering committee in shepherding the Initiative and said the implementation is blossoming like the Board envisioned in approving the strategic grant.

- c. Receive Report from Ad Hoc Committee on Recreation and Aquatics Center Project and Adopt Resolution Approving Strategic Grant to the City of San Bruno for Architectural and Project Management Services Related to the Schematic Design, Development of Construction Documents, and Support through Project Construction for the Recreation Center and Aquatics Center Project in an Amount Not to Exceed \$5,625,000

As chair of the Ad Hoc Committee on Recreation and Aquatics Center Project, President Kraus reminded the Board that the overall project is designed in three phases: conceptual design, development of schematic design plans and construction drawings, and construction. She said that last November this Board approved a strategic grant to the City of San Bruno, in an amount not to exceed \$550,000, to cover expenses in connection with the first stage, and that the City hired Group 4 Architecture, a South San Francisco-based full-service architectural firm, to lead the conceptual design phase, which included two rounds of outreach over the first half of 2018. She said based on the community input, Group 4 developed a conceptual design proposal for the project, which the City Council approved in June. She also reported that the City is quickly moving forward with the second phase, and in July the City Council approved the selection of Group 4 to provide architectural services for the second phase of the project (schematic design and construction documents) and for support services through the construction phase. She then presented to the Board a resolution to approve a strategic grant, in an amount not to exceed \$5,625,000, to the City to cover the next set of expenses associated with the recreation and aquatics center, including the costs associated with hiring architectural services through the completion of the project and project management services for the second phase. If approved, she said the

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\$5,625,000 grant (like the initial grant for the conceptual design phase) would be counted against the \$50 million total the Foundation has earmarked for this project.

Vice President Hedley moved to adopt the resolution approving a strategic grant to the City of San Bruno for architectural and project management services related to the schematic design, development of construction documents, and support through project construction for the Recreation Center and Aquatics Center Project in an amount not to exceed \$5,625,000, seconded by Secretary McGlothlin, approved unanimously.

- d. Receive Report on Other Programs (Community Grants Fund, Crestmoor Neighborhood Memorial Scholarship, Other Strategic Grants)

Executive Director Hatamiya gave brief updates on the Foundation's other programs. With regard to the Community Grants Fund, she announced that the third iteration of the program was launched in early July, with a September 26 application deadline. She said two Grant Workshops were held in July and August, with a third scheduled for September 10. Finally, she said the Foundation is pleased to have the support of Google.org and YouTube again this year; with the Google/YouTube donation of \$100,000, the Foundation will award grants totaling \$300,000 in December.

Regarding the Crestmoor Neighborhood Memorial Scholarship, Ms. Hatamiya reported that the 2019 Crestmoor Scholarship will launch in December, and the application deadline will be March 6, 2019.

She then reported on three strategic grants to the City of San Bruno. First, she reported that over the summer the Foundation received the City's grant report for Community Day, which was held on June 3, 2018, and that the Foundation recently made to the City a grant payment of \$49,225 (including \$21,000 from corporate sponsors) to support Community Day. With regard to the Pedestrian Safety Initiative, she reported that the final two sets of flashing beacons - one at the southern end of San Mateo Avenue and one near John Muir Elementary School - are scheduled to be installed in September and are in addition to flashing beacons already installed at unsignalized and mid-block crossings near Parkside Intermediate School and Portola Elementary School this past spring. With regard to the First Responder Effectiveness Strategic Initiative, she reported that Implementation of the three projects being funded by the Foundation's grant (emergency shelter supplies, critical facilities site assessments, and police mindfulness training) is underway. She also noted that donations to the Initiative from Google.org and employees of Google and YouTube following April's shooting at the YouTube headquarters have totaled more than \$300,000 and that the City is working to identify one or more projects to be funded by these donations.

Finally, Ms. Hatamiya reported on the Schools Transformation strategic grant. She said that in July the Foundation paid the San Bruno Education Foundation the \$250,000 grant to support the San Bruno Park School District's school transformation efforts at Parkside Intermediate School (collaboration with Partners in School Innovation) and Belle Air and Allen Elementary Schools (SEAL literacy program). Implementation of both projects is beginning this school year.

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e. Receive Report from Audit Committee Regarding Fiscal Year 2017-2018 Audit

On behalf of the Audit Committee, Chair McGlothlin reported that Foundation staff closed the fiscal year 2017-2018 accounting books and provided requested materials to the Foundation's certified public accounting firm for the annual audit, which is on track to be completed by the November Board meeting. He mentioned that the Audit Committee would be meeting on October 22 at City Hall to review the draft audited financial statements with the auditors, who are also preparing the Foundation's informational tax returns.

f. Discuss Upcoming Officer Elections for 2019 Term

President Kraus noted that under Board's officer elections process, the subject of officer elections is agendized at the meeting prior to taking nominations and holding the election to allow for Board discussion on this topic. President Kraus began the discussion by saying that health challenges prevent her from continuing as president in 2019 and that she suggests that the Board elect Vice President Hedley, due to his exemplary leadership thus far, to serve as president in his final year on the Board. She also recommended that Board Member Roberts, whose service on the Board will not be termed out at the end of 2019, be elected to serve as Vice President. Secretary McGlothlin expressed a willingness to continue to serve in his present position or in another position. Vice President Hedley praised President Kraus' leadership and said that, if nominated, he would be honored to serve as president. Board Member Roberts also said she would be willing to serve as an officer if asked. Other Board members, including Ms. Bohm, Dr. Stanback Stroud, and Ms. Roberts, thanked President Kraus for her valuable leadership and the vision she has brought to the Foundation.

9. Public Comment: Lonnie Sopko of the American Legion Post 409 thanked the Board for the Community Grant that funded the renovation of the Post's kitchen last year and invited community members to attend the Post's breakfast fundraiser the last Saturday of each month.

San Bruno resident Mary Lou Johnson acknowledged the work of the Foundation in the community and, in particular, lauded the leadership of President Kraus.

10. Adjourn: Board Member Roberts moved to adjourn the meeting at 8:27 p.m., seconded by Board Member Stanback Stroud, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of November 7, 2018, by Secretary John McGlothlin and President Nancy Kraus.

John McGlothlin, Secretary

Nancy Kraus, President

SAN BRUNO

Community Foundation

Memorandum

DATE: November 2, 2018

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Executive Director's Report

Since the September 5, 2018, Board meeting, I have continued to focus on administering the Community Grants Fund and Crestmoor Scholarship Program, partnering with the City on strategic projects, monitoring the Music Education Strategic Initiative and the SBPSD Schools Transformation Strategic Grant, and supporting the FY2017-2018 audit, all of which will be covered during the business portion of the November 7, 2018, regular Board meeting. In addition, I have handled a variety of other matters, including the following:

1. Accounting Consultant

Frank Bittner has served as the Foundation's accounting consultant and full charge bookkeeper since March 1, 2015. Mr. Bittner has served the Foundation extremely well for three and a half years. Over the past year, he has continued to play a critical role in working with the auditors to prepare for another successful independent audit, handled routine bookkeeping functions including payroll and other payments, prepared the Foundation's monthly financial reports, made sure the investment portfolio is properly accounted for in the Foundation's accounting books, and been a valuable sounding board and knowledgeable resource as we work to ensure that we properly safeguard the funds with which the Foundation has been entrusted. Various Board members as well as the auditors have complimented his work. I am confident that Mr. Bittner will continue to be an asset to the Foundation as the accounting consultant/full charge bookkeeper.

Mr. Bittner's current contract expires on November 30, 2018. Under my authority as executive director, I have executed a new one-year contract with Mr. Bittner that commences on December 1, 2018, and will terminate on November 30, 2019. The new contract includes a small rate increase (from \$85 to \$90 per hour), capped at \$23,760 for the one-year term. He has not had a rate increase in two years, and President Kraus agreed that his strong performance merits this increase (less than 6% over a two-year period). The not-to-exceed amount is based on an average of 22 hours per month, which is a small increase based on an increase in his workload that we experienced this past year as a result of increased program activity and the receipt of donations.

SAN BRUNO

Community Foundation

Memorandum

2. 2019 Board Meeting Calendar

Although our Bylaws continue to list the first Wednesday of each month as the Board's regular meeting schedule, I anticipate that the Board will be able to follow the same Board meeting schedule in 2019 as it followed in 2018, based on the Foundation's program schedule and expected work flow:

- Regular Meetings in March, June, September, November, and December 2019 (March 6, June 5, September 4, November 6, and December 4)
- A Special Meeting in January or February 2019 for the Executive Director's annual performance review (date to be determined)

This schedule will enable us to cancel the Regular Meetings in January, February, April, May, July, August, and October. I will be in touch with Board members to schedule the January/February 2019 Special Meeting.

3. Email Newsletter and Website Hits

Since the September 5 Board meeting, I have sent out two email blasts to the Foundation's email distribution list. One reported on the September Board meeting, and the other reminded community members of the Community Grants Fund application deadline and invited them to the Music Education Strategic Initiative's "Music in the Air" concert. The September news summary received the most views. Of the approximately 630 emails sent each time, about 37% of the recipients opened the email, and the e-newsletter was viewed, either in email or as posted on the web, 658-1,100 times.

According to Google Analytics, activity on the sbcf.org website has had minor spikes over the past two months, with the most traffic occurring in the last few days before the Community Grants Fund application deadline. Between September 5 and October 28, 342 users engaged in 614 sessions on the Foundation website, for a total of 1,329 page views. The most visited pages were the home page and pages related to the Community Grants Fund.

SAN BRUNO

Community Foundation

Memorandum

DATE: November 2, 2018

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Consent Calendar for the November 7, 2018, Regular Board Meeting

For the November 7, 2018, Regular Meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes one item related to administrative and operational functions of the Foundation:

1. Receive and Approve Treasurer's Report (August and September 2018 Financial Statements)

The August and September 2018 financial statements consist of a Budget Report and Balance Sheet. The attached Budget Narrative provides a thorough explanation of the financial statements. The Budget Report includes the budget figures approved at the June 6, 2018, Board meeting.

I recommend that the Board receive and approve the Treasurer's Report as part of the Consent Calendar.

Attachments:

1. August 2018 Financial Statements
2. September 2018 Financial Statements

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Community Foundation

August 2018

Budget Narrative

This report primarily describes amounts in column a (Actual Year to Date) of the monthly Budget Report. When projections vary from Budget (column b), the changes will be reflected in columns d (Final Expected Amount) and e (Change in Budget), and also be explained. First two months equal 16.7% of the fiscal year.

INCOME

Line 1 Transfers from Quasi Endowment – Transfers planned for later in the year.

Line 2 Transfers from Strategic Pool – \$700,000 transfer in August is 17.3% of budget.

Line 3 Restricted Donations - \$3,592 received is from: Benevity on behalf of Google employees in support of First Responder (\$2,392); and El Crystal PTA in support of RAC memorial bench (\$1,200).

Line 4 Interest Income – \$2,264 is 28.3% of budget. Liquidity Pool – Operating balance is currently \$1,057,987.

EXPENSES

Line 8 Strategic Grants – \$250,000 is 5.5% of budget. School Transformation grant distributed in July.

Line 10 Salaries & Wages – Expense is exactly on budget at 16.7%.

Line 11 Payroll Taxes & Benefits – Expense (\$4,184) is 18.8% of budget. Social Security/Medicare (\$2,379) is the largest cost and will be lower at the end of the calendar year. Other costs include retirement (\$1,555).

Line 13 Occupancy – Only cost is office lease (\$2,413). Amount is 16.5% of budget.

Line 14 Insurance – Total (\$2,915) is exactly on budget and includes Directors & Officers (\$2,248) and crime (\$483) policies.

Line 15 Telecommunications – Cost (\$314) is 16.4% of budget.

Line 16 Postage & Shipping – Cost (\$1,386) is 69.3% of budget. 94% of the cost (\$1,302) has been for distribution of 2017-18 Annual Reports.

Line 17 Marketing & Communications - \$1,346 expense is 8.6% of budget. \$803 has been for 10 years internet domain registration and \$485 has been for design of 2017-18 Annual Reports.

Line 18 Office Supplies & Equipment – Total (\$74) is 1.4% of budget.

Line 19 Legal Fees – \$180 expense is 0.5% of budget.

Line 20 Accounting & Payroll Fees – Total (\$4,027) is 13% of budget and 98% is for Accounting Consultant (\$3,994).

Line 21 Other Consultants - Cost (\$2,542) is 5.1% of budget and 97% is for Program Support Consultant (\$2,468).

Line 22 Travel, Meetings & Conferences – There have been no costs this year.

Line 23 Miscellaneous – Cost (\$504) equals 25.2% of budget with an organizational membership (\$500) representing most of the cost.

SUMMARY

Excluding the budget for Scholarships & Grants, total expenses are at 13.1% of budget, which is well below 16.7% benchmark for the first two months of the year. In terms of dollars, the \$50,978 in these non-grant & scholarships expense is \$13,975 less than the two-month budget allocation.

Early in July, as prescribed by the Board, \$10 million was transferred from the Strategic Investment Pool to the Liquidity Pool. This amount has been segregated on the Balance Sheet and is described as: Investments, Fidelity Liquidity Pool - RAC. The current balance of the funds is \$10,029,450 from interest and dividends. Operating cash is also held in the Liquidity Pool and is described as: Cash, Fidelity Liquidity Pool - Operating.

August Investment net income is \$518,430 and came from the Strategic Pool (\$280,787), Quasi Endowment (\$218,517), and Liquidity Pool – RAC (\$19,126). Year-to-date Investment income is \$1,094,097 and is from the Strategic Pool (\$553,197), Quasi Endowment (\$511,451), and Liquidity Pool – RAC (\$29,450).

Overall organization year-to-date net income is \$798,975.

Total Net Assets, as of August 31, 2018 grew to \$73,662,096 with \$18,023,426 in Quasi Endowment; \$55,234,324 in general Unrestricted funds; and \$404,346 in Temporarily Restricted Net Assets.

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August 2018 2018-2019 Budget Report

	(a)	(b)	(c)	(d)	(e)
	Actual Year to Date	Budget	Actual as % of Budget (a/b)	Final Expected Amount	Change in Budget (d - b)
INCOME & TRANSFERS					
1 Transfers from Quasi Endowment	\$ -	\$ 319,980	0.0%	\$ 319,980	\$ -
2 Transfers from Strategic Pool	700,000	4,043,704	17.3%	4,043,704	-
3 Restricted Donations	3,592	-		3,592	3,592
4 Interest Income	2,264	8,000	28.3%	8,000	-
5 Total Available for Operations	705,856	4,371,684	16.1%	4,375,276	3,592
EXPENSES					
6 Crestmoor Scholarships	-	120,000	0.0%	120,000	-
7 Community Grants	-	200,000	0.0%	300,000	100,000
8 Strategic Grants	250,000	4,570,000	5.5%	4,570,000	-
9 Subtotal Direct Program Expenses	250,000	4,890,000	5.1%	4,990,000	100,000
10 Salaries & Wages	31,093	186,559	16.7%	186,559	-
11 Payroll Taxes & Benefits	4,184	22,284	18.8%	22,284	-
12 Subtotal Personnel Expenses	35,277	208,843	16.9%	208,843	-
13 Occupancy	2,413	14,657	16.5%	14,657	-
14 Insurance	2,915	17,493	16.7%	17,493	-
15 Telecommunications	314	1,920	16.4%	1,920	-
16 Postage & Shipping	1,386	2,000	69.3%	2,000	-
17 Marketing & Communications	1,346	15,618	8.6%	15,618	-
18 Office Supplies & Equipment	74	5,219	1.4%	5,219	-
19 Legal Fees	180	36,786	0.5%	36,786	-
20 Accounting & Payroll Fees	4,027	31,000	13.0%	31,000	-
21 Other Consultants	2,542	50,050	5.1%	50,050	-
22 Travel, Meetings & Conferences	-	4,130	0.0%	4,130	-
23 Miscellaneous	504	2,000	25.2%	2,000	-
24 Subtotal Non-Personnel	15,701	180,873	8.7%	180,873	-
25 Total Expenses	300,978	5,279,716	5.7%	5,379,716	100,000
27 Net Surplus/(Loss)	\$ 404,878	\$ (908,032)		\$ (1,004,440)	\$ (96,408)

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Statement of Financial Position as of August 31, 2018

ASSETS

Cash, Wells Fargo General	\$ 119,077.54	
Cash, Wells Fargo Payroll	8,998.71	
Cash, Wells Fargo Savings	39,052.52	
Cash, Fidelity Liquidity Pool - Operating	1,057,987.25	
Total Cash		1,225,116.02
Investments, Fidelity Liquidity Pool - RAC	10,029,449.85	
Investments, Fidelity Strategic Pool	45,226,394.64	
Investments, Fidelity Quasi-Endowment	18,023,426.14	
Accrued Interest Receivable	33,304.20	
Total Investments		73,312,574.83
Prepaid Rent	1,206.61	
Prepaid Insurance	10,782.75	
Total Other Current Assets		11,989.36
Deposits	1,253.45	
Total Other Assets		1,253.45
TOTAL ASSETS		<u>\$ 74,550,933.66</u>

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	8,568.65	
Accrued Grants Payable	726,397.00	
Accrued Scholarships Payable	140,000.00	
Accrued Employee PTO	13,872.32	
Total Liabilities		888,837.97

NET ASSETS

Unrestricted, Non-QE 7/1/2018 Balance	54,950,391.76	
Year to Date Unrestricted Net Income from Operations	(298,714.26)	
Year to Date Strategic Investment Income	582,646.51	
Total Non-QE Unrestricted Net Assets	55,234,324.01	
Quasi-Endowment 7/1/2018 Balance	17,511,975.42	
Year-to-date QE Investment Income	511,450.72	
Total QE Unrestricted Net Assets	18,023,426.14	
Total Unrestricted Net Assets		73,257,750.15
Temporarily Restricted Net Assets	400,753.72	
Year to Date Temporarily Restricted Income	3,591.82	
Total Temporarily Restricted Net Assets		404,345.54
Total Net Assets		<u>73,662,095.69</u>
TOTAL LIABILITIES & NET ASSETS		<u>\$ 74,550,933.66</u>

SAN BRUNO

Community Foundation

September 2018

Budget Narrative

This report primarily describes amounts in column a (Actual Year to Date) of the monthly Budget Report. When projections vary from Budget (column b), the changes will be reflected in columns d (Final Expected Amount) and e (Change in Budget), and also be explained. First quarter is equal to 25% of the fiscal year.

INCOME

Line 1 Transfers from Quasi Endowment – Transfers planned for later in the year.

Line 2 Transfers from Strategic Pool – \$700,000 transfer in August is 17.3% of budget.

Line 3 Restricted Donations - \$3,592 received is from: Benevity on behalf of Google employees in support of First Responder (\$2,392); and El Crystal PTA in support of RAC memorial bench (\$1,200).

Line 4 Interest Income – \$4,403 is 55% of budget. Liquidity Pool – Operating balance is currently \$1,060,125.

EXPENSES

Line 8 Strategic Grants – \$250,000 is 5.5% of budget. School Transformation grant distributed in July.

Line 10 Salaries & Wages – Expense is exactly on budget at 25%.

Line 11 Payroll Taxes & Benefits – Expense (\$5,559) is 24.9% of budget. Social Security/Medicare (\$2,882) is the largest cost and will be lower at the end of the calendar year. Other costs include retirement (\$2,332) and Workers' Compensation Insurance (\$287).

Line 13 Occupancy – Only cost is office lease (\$3,620). Amount is 24.7% of budget.

Line 14 Insurance – Total (\$4,373) is exactly on budget and includes Directors & Officers (\$3,371), Crime (\$725), and Commercial Liability (\$277) policies.

Line 15 Telecommunications – Cost (\$466) is 24.3% of budget. Largest expense is cell phone (\$202).

Line 16 Postage & Shipping – Cost (\$1,464) is 73.2% of budget. 93% of the cost (\$1,368) has been for distribution of 2017-18 Annual Reports.

Line 17 Marketing & Communications - \$1,375 expense is 8.8% of budget. \$803 has been for 10 years internet domain registration and \$485 has been for design of 2017-18 Annual Reports.

Line 18 Office Supplies & Equipment – Total (\$113) is 2.2% of budget.

Line 19 Legal Fees – \$4,377 expense is 11.9% of budget. The majority (\$4,197) has been for first quarter City Attorney cost.

Line 20 Accounting & Payroll Fees – Total (\$6,352) is 20.5% of budget. Costs include Accounting Consultant (\$5,228) and CPA Audit fees (\$1,000).

Line 21 Other Consultants - Cost (\$6,708) is 13.4% of budget and 99% is for Program Support Consultant (\$6,633).

Line 22 Travel, Meetings & Conferences – \$467 is 11.3% of budget and is entirely from the first Board meeting of the year.

Line 23 Miscellaneous – Cost (\$506) equals 25.3% of budget with an organizational membership (\$500) representing most of the cost.

SUMMARY

Excluding the budget for Scholarships & Grants, total expenses are at 21% of budget, which is well below 25% benchmark for the first quarter of the year. In terms of dollars, the \$82,020 in these non-grant & scholarships expense is \$15,409 less than the first quarter budget allocation.

Early in July, as prescribed by the Board, \$10 million was transferred from the Strategic Investment Pool to the Liquidity Pool. This amount has been segregated on the Balance Sheet and is described as: Investments, Fidelity Liquidity Pool - RAC. The current balance of the funds is \$10,050,237 including interest and dividends earned. Operating cash is also held in the Liquidity Pool and is described as: Cash, Fidelity Liquidity Pool - Operating.

September Investment net loss (decrease in value) is \$257,846 and came from Strategic Pool (\$162,212) and Quasi Endowment (\$116,421) losses and Liquidity Pool – RAC gain (\$20,787). Year-to-date Investment income is \$836,251 and is from the Strategic Pool (\$390,985), Quasi Endowment (\$395,030), and Liquidity Pool – RAC (\$50,237).

Overall organization year-to-date net income is \$512,226.

Total Net Assets, as of September 30, 2018 are \$73,375,347 with \$17,907,005 in Quasi Endowment; \$55,063,996 in general Unrestricted funds; and \$404,346 in Temporarily Restricted Net Assets.

SAN BRUNO

Community Foundation

September 2018 2018-2019 Budget Report

	(a)	(b)	(c)	(d)	(e)
	Actual Year to Date	Budget	Actual as % of Budget (a/b)	Final Expected Amount	Change in Budget (d - b)
INCOME & TRANSFERS					
1 Transfers from Quasi Endowment	\$ -	\$ 319,980	0.0%	\$ 319,980	\$ -
2 Transfers from Strategic Pool	700,000	4,043,704	17.3%	4,043,704	-
3 Restricted Donations	3,592	-		3,592	3,592
4 Interest Income	4,403	8,000	55.0%	8,000	-
5 Total Available for Operations	707,995	4,371,684	16.2%	4,375,276	3,592
EXPENSES					
6 Crestmoor Scholarships	-	120,000	0.0%	120,000	-
7 Community Grants	-	200,000	0.0%	300,000	100,000
8 Strategic Grants	250,000	4,570,000	5.5%	4,570,000	-
9 Subtotal Direct Program Expenses	250,000	4,890,000	5.1%	4,990,000	100,000
10 Salaries & Wages	46,640	186,559	25.0%	186,559	-
11 Payroll Taxes & Benefits	5,559	22,284	24.9%	22,284	-
12 Subtotal Personnel Expenses	52,199	208,843	25.0%	208,843	-
13 Occupancy	3,620	14,657	24.7%	14,657	-
14 Insurance	4,373	17,493	25.0%	17,493	-
15 Telecommunications	466	1,920	24.3%	1,920	-
16 Postage & Shipping	1,464	2,000	73.2%	2,000	-
17 Marketing & Communications	1,375	15,618	8.8%	15,618	-
18 Office Supplies & Equipment	113	5,219	2.2%	5,219	-
19 Legal Fees	4,377	36,786	11.9%	36,786	-
20 Accounting & Payroll Fees	6,352	31,000	20.5%	31,000	-
21 Other Consultants	6,708	50,050	13.4%	50,050	-
22 Travel, Meetings & Conferences	467	4,130	11.3%	4,130	-
23 Miscellaneous	506	2,000	25.3%	2,000	-
24 Subtotal Non-Personnel	29,821	180,873	16.5%	180,873	-
25 Total Expenses	332,020	5,279,716	6.3%	5,379,716	100,000
27 Net Surplus/(Loss)	\$ 375,975	\$ (908,032)		\$ (1,004,440)	\$ (96,408)

SAN BRUNO

Community Foundation

Statement of Financial Position as of September 30, 2018

ASSETS

Cash, Wells Fargo General	\$ 64,286.76	
Cash, Wells Fargo Payroll	41,207.73	
Cash, Wells Fargo Savings	39,053.49	
Cash, Fidelity Liquidity Pool - Operating	1,060,125.06	
Total Cash		1,204,673.04
Investments, Fidelity Liquidity Pool - RAC	10,050,237.01	20787.2
Investments, Fidelity Strategic Pool	45,063,822.00	50,237.16
Investments, Fidelity Quasi-Endowment	17,907,004.94	
Accrued Interest Receivable	33,664.93	
Total Investments		73,054,728.88
Prepaid Rent	1,206.61	
Prepaid Insurance	9,230.00	
Total Other Current Assets		10,436.61
Deposits	1,253.45	
Total Other Assets		1,253.45
TOTAL ASSETS		<u>\$ 74,271,091.98</u>

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	15,475.99	
Accrued Grants Payable	726,397.00	
Accrued Scholarships Payable	140,000.00	
Accrued Employee PTO	13,872.32	
Total Liabilities		895,745.31

NET ASSETS

Unrestricted, Non-QE 7/1/2018 Balance	54,950,391.76	
Year to Date Unrestricted Net Income from Operations	(327,617.33)	
Year to Date Non-QE Investment Income	441,221.76	512,225.77
Total Non-QE Unrestricted Net Assets	55,063,996.19	
Quasi-Endowment 7/1/2018 Balance	17,511,975.42	
Year-to-date QE Investment Income	395,029.52	
Total QE Unrestricted Net Assets	17,907,004.94	
Total Unrestricted Net Assets		72,971,001.13
Temporarily Restricted Net Assets	400,753.72	
Year to Date Temporarily Restricted Income	3,591.82	
Total Temporarily Restricted Net Assets		404,345.54
Total Net Assets		<u>73,375,346.67</u>
TOTAL LIABILITIES & NET ASSETS		<u>\$ 74,271,091.98</u>

SAN BRUNO

Community Foundation

Memorandum

DATE: November 2, 2018

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Report from Novogradac & Company LLP Regarding the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2018, and Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2018

Article XIII, Section 4, of the San Bruno Community Foundation's Bylaws states that the Foundation "shall retain an independent auditor and conduct annual independent audits in accordance with the applicable provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act (commencing with Section 12586 of the California Government Code)." As authorized by the Board on March 7, 2018, the Foundation is using Novogradac & Company LLP to conduct the audit of the Foundation's financial statements for the year ended June 30, 2018, and to prepare the Foundation's annual federal and state tax returns. Engagement partner Lance Smith is again heading up the Novogradac team assigned to the Foundation.

In July, Accounting Consultant Frank Bittner and I began preparing the financial reports and documentation Novogradac requested to begin work on the audit. We submitted all of the requested materials by August 24, a week and a half prior to the September 4 deadline. The Novogradac team examined the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls. Mr. Bittner and I responded to several follow-up requests for additional information from the Novogradac team.

On October 23, 2018, the Audit Committee, which consists of Chair John McGlothlin and Committee Member Pat Bohm, met to discuss with the Novogradac team the draft audited financial statements that the Novogradac team had prepared. Following the meeting, the Novogradac team produced the attached final audit report, which covers the Foundation's finances from July 1, 2017, through June 30, 2018. Novogradac's report states its unqualified opinion that "the financial statements...present fairly, in all material respects, the financial position of The San Bruno Community Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America." Novogradac has also issued a standard AU-C 260 letter, as it has in past years.

SAN BRUNO

Community Foundation

Memorandum

At the November 7, 2018, Board meeting, Mr. Smith will present the audited financial statements to the Board, review his team's findings with regard to the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls, and field questions from the Board. Attached to this memo are the audited financial statements and AU-C 260 letter from Novogradac.

At the conclusion of Mr. Smith's report, I recommend that the Board adopt the attached resolution accepting and approving the Foundation's audited financial statements for the year ended June 30, 2018.

On a related note, the Novogradac team expects to have prepared a final draft of the Foundation's annual federal and state tax returns (IRS Form 990 and California Form 199) by the first full week of November. I will circulate the tax returns to the full Board for review, with the goal of submitting the returns by their November 15, 2018, deadline.

If I am able to circulate the tax returns prior to November 7, Mr. Smith and I will be able to answer any questions Board members may have about the tax returns at the Board meeting.

Attachments:

1. Resolution Approving the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2018
2. The San Bruno Community Foundation Financial Statements and Report of Independent Auditors for the year ended June 30, 2018, with comparative totals as of and for the year ended June 30, 2017, and AU-C 260 letter from Novogradac

RESOLUTION NO. 2018-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
APPROVING THE FOUNDATION'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

WHEREAS, Article XIII, Section 4, of the Bylaws calls for the retention of an independent auditor to conduct an annual audit of the San Bruno Community Foundation's financial statements and records;

WHEREAS, on March 7, 2018, the Board of Directors authorized President Nancy Kraus to execute a contract with Novogradac & Company LLP to conduct the audit of the Foundation's financial statements for the year ended June 30, 2018, and to prepare the Foundation's annual federal and state tax returns;

WHEREAS, on March 7, 2018, President Nancy Kraus executed a contract with Novogradac & Company LLP to conduct an audit of the Foundation's financial statements for the year ended June 30, 2018, and to prepare the Foundation's federal and state tax returns;

WHEREAS, Novogradac & Company LLP examined the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls;

WHEREAS, Novogradac has produced audited financial statements for the Foundation for the year ended June 30, 2018, and issued an unqualified opinion that the Foundation's financial statements present fairly, in all material respects, the Foundation's financial position as of June 30, 2018, in accordance with accounting principles generally accepted in the United States; and

WHEREAS, Lance Smith, the Novogradac engagement partner assigned to the Foundation's account, will present the audited financial statements to the Board at the Foundation's November 7, 2018, regular Board meeting.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors accepts and approves the audited financial statements for the year ended June 30, 2018, as prepared by Novogradac & Company LLP.

Dated: November 7, 2018

ATTEST:

John McGlothlin, Secretary

I, John McGlothlin, Secretary, do hereby certify that the foregoing Resolution No. 2018-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 7th day of November, 2018, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

THE SAN BRUNO COMMUNITY FOUNDATION

Financial Statements
and
Report of Independent Auditors

For the year ended June 30, 2018
with comparative totals as of and for the year ended June 30, 2017

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NOVOGRADAC

& COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

To the Board of Directors of
The San Bruno Community Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of The San Bruno Community Foundation, a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The San Bruno Community Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The San Bruno Community Foundation's financial statements for the year ended June 30, 2017, and our report dated October 23, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Novogradac & Company LLP

San Rafael, California
October 29, 2018

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2018
with comparative totals as of June 30, 2017

ASSETS

	2018	2017
Cash and cash equivalents	\$ 530,317	\$ 260,457
Investments (See Note 3)	73,224,409	71,900,879
Pledges receivable	5,000	-
Interest receivable	33,294	42,632
Prepaid expenses	14,810	8,709
Deposits	1,253	1,335
	<hr/>	<hr/>
Total assets	<u>\$ 73,809,083</u>	<u>\$ 72,214,012</u>

LIABILITIES

Accounts payable	\$ 30,340	\$ 23,445
Accrued scholarships	140,000	140,000
Accrued grants payable	775,622	497,562
	<hr/>	<hr/>
Total liabilities	945,962	661,007

NET ASSETS

Unrestricted		
Board designated	17,511,975	16,614,411
Non-designated	54,950,392	54,938,594
Temporarily restricted (See Note 6)	400,754	-
	<hr/>	<hr/>
Total net assets	72,863,121	71,553,005
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 73,809,083</u>	<u>\$ 72,214,012</u>

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2018
with comparative totals for the year ended June 30, 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND OTHER SUPPORT				
Restricted donations	\$ -	\$ 647,754	\$ 647,754	\$ 15,999
Interest and dividends	1,821,286	-	1,821,286	1,557,877
Net realized / unrealized gain on investments	862,459	-	862,459	1,570,791
Less: investment fees	(206,735)	-	(206,735)	(201,010)
Miscellaneous income	2,000	-	2,000	-
Net assets released from restrictions	247,000	(247,000)	-	-
Total revenue and other support	<u>2,726,010</u>	<u>400,754</u>	<u>3,126,764</u>	<u>2,943,657</u>
EXPENSES				
Program expense	1,671,834	-	1,671,834	1,445,095
Management and general	144,814	-	144,814	143,173
Total expenses	<u>1,816,648</u>	<u>-</u>	<u>1,816,648</u>	<u>1,588,268</u>
CHANGE IN NET ASSETS	909,362	400,754	1,310,116	1,355,389
NET ASSETS AT BEGINNING OF YEAR	<u>71,553,005</u>	<u>-</u>	<u>71,553,005</u>	<u>70,197,616</u>
NET ASSETS AT END OF YEAR	<u>\$ 72,462,367</u>	<u>\$ 400,754</u>	<u>\$ 72,863,121</u>	<u>\$ 71,553,005</u>

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2018
with comparative totals for the year ended June 30, 2017

	Program Services	Management and General	Total	2017 Total
SALARY AND PAYROLL				
Salaries and wages	\$ 119,203	\$ 64,186	\$ 183,389	\$ 177,552
Payroll taxes and benefits	20,267	10,912	31,179	31,095
Total personnel expenses	<u>139,470</u>	<u>75,098</u>	<u>214,568</u>	<u>208,647</u>
OTHER EXPENSES				
Scholarships	120,000	-	120,000	120,000
Grants	1,323,900	-	1,323,900	1,121,047
Rent	9,168	4,936	14,104	13,166
Insurance	-	17,853	17,853	16,510
Telecommunications	1,180	636	1,816	1,816
Postage and shipping	1,173	631	1,804	1,899
Printing and copying	8,205	1,874	10,079	9,904
Office supplies	1,171	631	1,802	1,805
Office equipment and furniture	-	-	-	198
Legal fees	21,280	8,846	30,126	28,621
Accounting and payroll fees	-	30,180	30,180	27,940
Other professional services	46,083	195	46,278	32,149
Travel, meetings and conferences	204	2,660	2,864	3,163
Miscellaneous	-	1,274	1,274	1,403
Total other expenses	<u>1,532,364</u>	<u>69,716</u>	<u>1,602,080</u>	<u>1,379,621</u>
TOTAL EXPENSES	<u>\$ 1,671,834</u>	<u>\$ 144,814</u>	<u>\$ 1,816,648</u>	<u>\$ 1,588,268</u>

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018
with comparative totals for the year ended June 30, 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,310,116	\$ 1,355,389
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized/unrealized gain on investments	(862,459)	(1,570,791)
(Decrease) increase in assets:		
Accounts receivable	-	1
Pledges receivable	(5,000)	-
Interest receivable	9,338	15,989
Prepaid expenses	(6,101)	(1,045)
Increase in liabilities:		
Accounts payable	6,895	879
Accrued scholarships	-	60,000
Accrued grants payable	278,060	442,562
Net cash provided by operating activities	<u>730,849</u>	<u>302,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal from deposits	82	182
Purchase of securities	(461,071)	(342,318)
Net cash used in investing activities	<u>(460,989)</u>	<u>(342,136)</u>
Net increase (decrease) in cash and cash equivalents	269,860	(39,152)
Cash and cash equivalents at beginning of year	<u>260,457</u>	<u>299,609</u>
Cash and cash equivalents at end of year	<u>\$ 530,317</u>	<u>\$ 260,457</u>

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2018

with comparative totals as of and for the year ended June 30, 2017

1. Organization

The San Bruno Community Foundation (the "Foundation"), a California nonprofit corporation, was organized in 2013 as a public benefit 501(c)(3) nonprofit corporation and has been determined to be a Type I supporting organization under Section 509(a)(3) of the Internal Revenue Code ("IRC"). Pursuant to the settlement agreement dated March 12, 2012, between Pacific Gas & Electric Company ("PG&E") and the City of San Bruno (the "City"), both parties agreed to resolve and settle all claims arising out of the September 9, 2010 pipeline incident (the "Settlement Agreement"). The terms required PG&E to contribute a total of \$70 million to the City, which comprised of 1) five vacant plots of land in the Glenview (Crestmoor) neighborhood, which had a total fair market value of \$1,250,000 and 2) \$68,750,000 in cash, to transfer to a tax-exempt, nonprofit public purpose entity. Hence, the Foundation was created from the Settlement Agreement. The Foundation engages primarily in the administration of PG&E restitution funds and building community partnerships.

The Foundation's goals serve the San Bruno community by investing in projects, programs, services, and facilities that have significant and lasting benefits. Through making grants, leveraging partnerships, and taking advantage of other resources, the Foundation assists and enables the community to maximize shared investments and realize their subsequent enhancements and benefits.

2. Summary of significant accounting policies

Basis of accounting

The Foundation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. The Foundation's year end for tax and financial reporting purposes is June 30.

Basis of presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets represent funds, which are fully available or have been fully reserved, at the discretion of management, to utilize for any of its programs or supporting services. Temporarily restricted net assets are comprised of funds, which are restricted by donors for specific purposes or time periods. Permanently restricted net assets include contributions, which donors have specified must be maintained in perpetuity. As of June 30, 2018 and 2017, the Foundation had temporarily restricted net assets of \$400,754 and \$0, respectively.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2018

with comparative totals as of and for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. As of June 30, 2018 and 2017, cash and cash equivalents consist of the following:

	2018	2017
Cash - operating	\$ 513,818	\$ 242,753
Liquidity fund cash	16,499	17,704
Total cash and cash equivalents	<u>\$ 530,317</u>	<u>\$ 260,457</u>

Concentration of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of credit exposed to any one financial institution. The Foundation has not experienced any losses in such accounts.

Investments

The Foundation carries investments in various investment pools with readily determinable fair values and all investments are stated at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities and Changes in Net Assets.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fair value measurements

The Foundation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2018

with comparative totals as of and for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Foundation's own assumptions.

The following tables present the Foundation's assets that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2018 and 2017:

June 30, 2018				
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Liquidity pool	\$ 339,226	\$ -	\$ -	\$ 339,226
Strategic pool	55,373,208	-	-	55,373,208
Quasi-endowment pool	17,511,975	-	-	17,511,975
Total assets	<u>\$ 73,224,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,224,409</u>

June 30, 2017				
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Liquidity pool	\$ 70,785	\$ -	\$ -	\$ 70,785
Strategic pool	55,215,683	-	-	55,215,683
Quasi-endowment pool	16,614,411	-	-	16,614,411
Total assets	<u>\$ 71,900,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,900,879</u>

THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2018

with comparative totals as of and for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

Income taxes

The Foundation is a not-for-profit corporation under Section 501(c)(3) of the IRC and Section 23701(d) of the California Revenue and Taxation Code and therefore, is generally exempt from both federal and state income taxes, except on net income derived from unrelated business activities.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Foundation to report information regarding its exposure to various tax positions taken. Management has determined whether any tax positions have met the recognition threshold and has measured its exposure to those tax positions. Management believes that the Foundation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal tax authorities generally have the right to examine and audit the previous three years of tax returns filed. California tax authorities generally have the right to examine and audit the previous four years of tax returns filed. Any interest or penalties assessed to the Foundation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Scholarships expense

The Foundation offers three types of scholarships, which are defined as follows:

1. \$5,000 each year for four years, totaling \$20,000, for a high school student to attend a 4-year college.
2. \$2,500 each year for two years, totaling \$5,000, for a high school student to attend a 2-year community college.
3. \$5,000 each year for two years, totaling \$10,000, for a community college student who transfers to a 4-year college.

Members of the San Bruno community are eligible to apply for a scholarship. Scholarships are recognized when they have been awarded. Recipients are required to renew their scholarships for each year by submitting proof of full time enrollment for the following fall and certification of status as a student in good standing, by June 1 of each year. For both the years ended June 30, 2018 and 2017, scholarship expense was \$120,000. As of both June 30, 2018 and 2017, accrued scholarships payable was \$140,000.

Grant expense

Grants are recognized when they are approved by the board, all significant conditions are met, all due diligence has been completed, and grant agreements have been executed. Grant refunds are recorded as a reduction of grant expense at the time the Foundation receives or is notified of the refund. For the years ended June 30, 2018 and 2017, grant expense was \$1,323,900 and \$1,121,047, respectively. As of June 30, 2018 and 2017, accrued grants payable was \$775,622 and \$497,562, respectively.

Functional allocation of expenses

For the years ended June 30, 2018 and 2017, all of the Foundation's expenses are classified as Program or Management, and there were no fundraising activities undertaken in either year. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management.

THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2018

with comparative totals as of and for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

Subsequent events

Subsequent events have been evaluated through October 29, 2018, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

3. Investments

Securities are stated at current market value and consist of the following as of June 30, 2018 and 2017:

	2018	
	<u>Cost</u>	<u>Market Value</u>
Liquidity pool	\$ 338,304	\$ 339,226
Strategic pool	55,130,952	55,373,208
Quasi-endowment pool	15,929,143	17,511,975
Total securities	<u>\$ 71,398,399</u>	<u>\$ 73,224,409</u>

	2017	
	<u>Cost</u>	<u>Market Value</u>
Liquidity pool	\$ 70,067	\$ 70,785
Strategic pool	54,759,627	55,215,683
Quasi-endowment pool	15,498,247	16,614,411
Total securities	<u>\$ 70,327,941</u>	<u>\$ 71,900,879</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities and Changes in Net Assets for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,821,286	\$ 1,557,877
Realized gain	609,389	401,654
Unrealized gain	253,070	1,169,137
Less: investment fees	<u>(206,735)</u>	<u>(201,010)</u>
Total investment returns	<u>\$ 2,477,010</u>	<u>\$ 2,927,658</u>

4. Office lease

The Foundation entered into an office lease with San Bruno Office Associates, LLC, which expires on March 31, 2020, with monthly payments of \$1,161. The monthly rent increases annually at a rate of 3% on April 1 of each year. For the years ended June 30, 2018 and 2017, office lease payments were \$14,104, and \$13,166, respectively. The Foundation's total minimum rental commitments for the lease for the year ending June 30, are as follows:

2019	\$ 14,468
2020	<u>11,079</u>
Total	<u>\$ 25,547</u>

THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2018

with comparative totals as of and for the year ended June 30, 2017

5. Employee benefit plan

Effective January 1, 2015, the Foundation established a tax-deferred annuity plan qualified under Section 403(b) of the IRC for its employees. The Foundation makes non-matching contributions equal to 5% of the gross salary for individual employees. In both March 2017 and March 2018, an additional, one-time, non-matching contribution was made. For the years ended June 30, 2018 and 2017, \$18,226 and \$17,628, respectively, was contributed by the Foundation on behalf of its employees.

6. Temporarily restricted net assets

Temporarily restricted net assets consist of the following as of June 30:

	2018	2017
Community Grants Fund	\$ 100,000	\$ -
First Responder Effectiveness Strategic Initiative	300,754	-
Total temporarily restricted net assets	<u>\$ 400,754</u>	<u>\$ -</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2018	2017
Community Grants Fund	\$ 100,000	\$ -
Pedestrian Safety Strategic Initiative	126,000	-
Community Day	21,000	-
Total net assets released from restrictions	<u>\$ 247,000</u>	<u>\$ -</u>

7. Prior period comparison

The financial statements include certain prior-period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.



**NOVOGRADAC
& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

October 29, 2018

To the Audit Committee and Board of Directors of
The San Bruno Community Foundation:

We have audited the financial statements of The San Bruno Community Foundation (the "Foundation") as of and for the year ended June 30, 2018, and have issued our report thereon dated October 29, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated February 27, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimates affecting the financial statements based on subjective and objective factors including the allocation of assets, liabilities, revenues and expenses among funds, and the fair market value of investments.
2. Management's estimate of the fair market value of investments is based on an evaluation of third party information obtained.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

1. The disclosure of investments in the notes to the financial statements. This note contains a description of the composition of the investment balance as of June 30, 2018 and 2017 and a summary of activity for the years then ended.
2. The disclosure of net assets in the notes to the financial statements. This note contains a description of the composition of unrestricted and temporarily restricted net assets.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2018.

Management Consultations with Other Independent Accountants

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

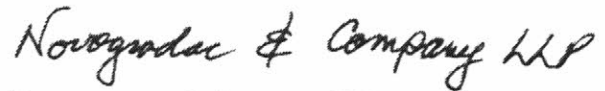
Other Audit Findings or Issues

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

Audit Committee and Board of Directors
The San Bruno Community Foundation
October 29, 2018
Page 3 of 3

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

Very truly yours,

A handwritten signature in black ink that reads "Novogradac & Company LLP". The script is cursive and fluid, with the letters "N", "C", and "L" being particularly prominent.

NOVOGRADAC & COMPANY LLP

SAN BRUNO

Community Foundation

Memorandum

DATE: November 2, 2018

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Report from Ad Hoc Committee on Recreation and Aquatics Center Project

In March 2018, the Board created the Ad Hoc Committee on Recreation and Aquatics Center Project to serve as the Foundation's liaison to the City of San Bruno in the design and construction of a new recreation and aquatics center in San Bruno City Park, to be funded by up to \$50 million in strategic grants from the Foundation. As chair, President Nancy Kraus will provide an update on the Recreation and Aquatics Center Project at the November 7, 2018, Board meeting. Vice President Frank Hedley also sits on the Committee.

On March 1, 2017, the Board approved a resolution supporting the concept of a \$50 million strategic grant to the City for the design and construction of a new recreation center-swimming pool joint facility and directing the Executive Director to proceed with negotiating such a grant arrangement with the City. The overall project is designed in three phases: conceptual design, development of schematic design plans and construction drawings, and construction.

1. Phase 1: Conceptual Design

On November 1, 2017, the Board approved a strategic grant to the City, in an amount not to exceed \$550,000, to cover expenses in connection with the conceptual design phase of the recreation and aquatics center. The City hired Group 4 Architecture, Research + Planning, Inc., a South San Francisco-based full-service architectural firm, to lead the conceptual design phase. In two rounds of outreach over the first half of 2018, Group 4 solicited community input on program options, site and building diagram options, design values prioritization, specific design strategies, exterior material palettes, and landscape design values and then proposed a conceptual design for the new facility. The City Council approved Group 4's final recommendations for the conceptual design on June 26, 2018.

Under the terms of the conceptual design grant agreement, the Foundation paid the first \$381,500 of the grant to the City in March 2018. This week the Foundation received from the City the grant report for this strategic grant, which details total project expenses of \$416,108.85 (\$133,891.15 under the not-to-exceed amount, as the City elected not to hire a project

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Community Foundation

Memorandum

manager for the conceptual design phase). The Foundation will soon disburse to the City the final payment of \$34,608.85 for the conceptual design grant.

2. Phase 2: Schematic Design and Construction Documents

On July 24, 2018, the City Council approved the selection of Group 4 to provide architectural services for the second phase of the project (schematic design and construction documents) and for support services through the construction phase. The scope of work includes schematic design development, design development and review, construction documents, bid documents and back check, support to bidding and award of the construction contract, and construction support. The project includes the realignment of City Park Way, improvements to the parking lot and landscaping along City Park Way, in addition to demolition of the existing facilities and new construction. The Council authorized the City Manager to execute a contract with Group 4 for an amount not to exceed \$5,420,388. After negotiation, the City recently executed the contract with Group 4.

On September 5, the Board approved a strategic grant, in an amount not to exceed \$5,625,000, to the City of San Bruno to cover the next set of expenses associated with the design, development, and construction of a community recreation center and aquatic center for the benefit of the public. More specifically, the grant will assist the City of San Bruno with the costs to be incurred in connection with obtaining architectural firm services through the completion of the project, as well as cover additional costs associated with activities to be carried out in the next phase of the project, including, but not limited to, the hiring of project management services. The resolution approved by the Board authorized me as Executive Director to finalize and execute on behalf of the Foundation a grant agreement setting forth the specific terms and conditions for such a grant to the City of San Bruno.

In mid-September, the City issued a Request for Proposal (RFP) for project and construction management services for the Recreation and Aquatics Center project. The City received several proposals by the October 19 deadline, and a review panel (on which the City Manager asked me to serve) is in the process of evaluating the proposals. For the next phase of the project, the City Manager anticipates that the cost of project management services for technical expertise and review of the construction drawings will be approximately \$200,000.

Once the City has hired a firm to provide project and construction management services and has finalized the cost of those services, the City and the Foundation will finalize and execute the grant agreement to cover the architectural services through the completion of the project and the project management services through the conceptual design/construction documents phase.

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For the second phase of the project, the City is in the process of assembling an advisory committee, similar to the advisory committee that functioned during the conceptual design phase, made of up of representatives of the City Council, the Foundation, the Parks and Recreation Commission, and the Planning Commission.

3. Project Financing Alternatives

In the summer of 2015, after the Foundation had completed its Community Listening Campaign, which revealed that the community was most interested in using the restitution funds to finance the building of new community facilities, then-City Manager Connie Jackson, City Attorney Marc Zafferano, and I discussed the idea of the City issuing a bond or a similar form of public financing to fund the construction of a to-be-determined community facility, with the Foundation using investment income from the restitution funds to pay the debt service. At that time, it was determined that the City would not be eligible to issue a tax-exempt municipal bond because the funds to pay off the bond from the Foundation would be available and earmarked; instead, the City could issue a taxable bond, which would have a higher interest rate. A fairly aggressive investment strategy would be required to ensure a high enough rate of return to cover the debt service on the taxable bond.

Because neither the Foundation nor the City was comfortable bearing the risk of securing the bond in the event that investment proceeds of the restitution funds could not cover the debt service, especially if the economy faced a downturn and the value of the restitution funds declined substantially, the bond idea was rejected as a viable financing option for a community facility construction project. Consequently, the Foundation developed its current investment strategy of designating \$55 million of the \$70 million restitution funds to be used to pay outright for major strategic priorities including the building of a new community facility, with the balance of \$15 million designed as a quasi-endowment with a long-term investment strategy to provide the Foundation with an ongoing investment income stream to fund operations and smaller programs after the \$55 million is expended.

In his first few months on the job and learning of the Foundation's commitment to funding the recreation and aquatics center project, new City Manager Jovan Grogan raised the bond financing idea and asked the Foundation to reconsider it. The City had received information that a guaranteed investment contract could possibly be used to guarantee a certain rate of return, which would protect both the Foundation and the City in the event of an economic downturn. With the assistance of Treasurer Tim Ross and Investment Committee Member Mark Hayes, I conducted further due diligence on the idea, consulting with an outside public finance investment banker, a municipal financial advisory firm, and outside nonprofit counsel. From our research, we concluded that the likelihood of success for such a financing scheme, especially with the Foundation as both the borrower of the bond and the investor of the funds,

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would be extremely low and declined to pursue the idea any further. However, I have communicated to the City Manager that the Foundation would have no objection to the City exploring the idea, if it so chooses, whereby the City (rather than the Foundation) would issue the bond and invest the funds to cover the debt service, and then presenting to the Board a proposal for consideration.

SAN BRUNO

Community Foundation

Memorandum

DATE: November 2, 2018

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Report on Other Programs (Community Grants Fund, Crestmoor Neighborhood Memorial Scholarship, and Other Strategic Grants)

At the November 7, 2018, Board meeting, Program Consultant Stephanie Rutgers and I will give an update on the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship, and other strategic grants.

1. Community Grants Fund

The Foundation received 46 applications for Community Grants by the September 26 deadline, which represented a nearly 28% increase over the previous year. The applicants range from established nonprofits with professional staff to small, grassroots, all-volunteer community organizations. Eighteen of last year's Community Grants Fund grantees submitted a total of 20 new grant applications this cycle – 15 are for projects/programs that were funded last year, and five are for different projects/programs. Five of these grantees received funding in both 2016-2017 and 2017-2018 for the same project and are now seeking a third and final year of funding. Last year's grantees are not guaranteed a second year of funding, and their applications are being considered in the context of this year's applicant pool.

After receiving the applications, Ms. Rutgers began conducting due diligence, reviewing the applications for completeness and checking to ensure that the applications meet the Foundation's applicant and activity eligibility guidelines based on their responses to specific questions on the application. In addition, she checked several federal and state registries to see whether applicant organizations are properly registered with the appropriate government agencies (IRS, California Secretary of State, California Franchise Tax Board, and California Attorney General's Registry of Charitable Trusts).

The applications are currently in the second stage of review. A review panel of 12 individuals (community members and/or individuals with experience in grantmaking and the nonprofit sector) is in the process of reviewing and rating the applications based on the five criteria set forth in the program guidelines:

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- Benefits of the proposed project/program to the San Bruno community
- Proposal's alignment with one of the Foundation's focus areas
- Project/program methodology and budget
- Requested grant amount in relation to the anticipated community benefit
- Organizational track record, stability, and financial health

After independently reviewing the applications, the panel will meet to discuss the applications. The panel may seek additional information from applicants, as needed to properly evaluate the applications. With the Executive Director and Program Consultant, the panel will ultimately make a recommendation on grant awards to the Board. The goal is for the Board to consider and approve grant awards at the December 5 Board meeting. With the \$100,000 donation from Google.org and YouTube announced in June, the Foundation plans to award grants totaling \$300,000 this cycle.

2. Crestmoor Neighborhood Memorial Scholarship

The 2019 Crestmoor Neighborhood Memorial Scholarship will launch in December, when the online application will be accessible and updated marketing materials will be distributed to local schools and throughout the community. We are in the process of reviewing the program and at this time do not anticipate making any significant changes.

In November, Ms. Rutgers and I will work on updating the online application and developing new marketing materials. Staff will offer workshops on the Scholarship and the application process at Capuchino High School and Skyline College. The application deadline will be March 6, 2019 (a week earlier than in previous years).

3. Other Strategic Grants

a. Music Education Strategic Initiative

In May 2017, the Board approved strategic grants to the San Bruno Education Foundation (SBEF) and the Capuchino High School Alumni Association (CHSAA) totaling \$495,000 to support implementation of the Music Education Strategic Initiative, with the goal of making music education a hallmark of San Bruno's public schools. In June 2017, per the terms of the two grant agreements, the Foundation made the first year installments of the strategic grants to SBEF (\$201,618) and CHSAA (\$90,820). SBEF and CHSAA submitted their first annual reports, per the grant agreements, in March, and SBEF provided a follow-up letter in May. Under the terms of the two grant agreements, the Foundation paid out the second year installments of the strategic grants to SBEF and CHSAA in mid-June 2018 (\$97,480 and \$16,860, respectively).

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Community Foundation

Memorandum

The bulk of this year's funds to SBEF is dedicated to funding the Music for Minors program at the five San Bruno Park School District elementary schools. Early feedback from the schools has been positive. At Parkside Intermediate School and Capuchino High School, grant funds are being used to purchase needed music program supplies and equipment.

This fall's highlight for the Music Education Initiative is "Music in the Air," a celebration of music in San Bruno's public schools, to be held on November 3, 2018, at 6:00 p.m. at the Samuel Johnson Jr. Performing Arts Center at Capuchino High School. This concert will feature student musicians from Capuchino, Parkside Intermediate School, and San Bruno Park School District elementary schools, as well as performances by special guests internationally acclaimed opera singer Kevin Thompson and Bay Area jazz ensemble Clint Baker's All Stars. There is no admission charge, and seating will be general admission. There will also be an invitation-only reception for donors/sponsors on November 9 at YouTube. Using grant funds, SBEF has also developed a promotional video on the music programs, in which Board Member Emily Roberts speaks as SBCF's representative.

b. SBPSD Schools Transformation Strategic Grant

On June 6, the Board approved a \$250,000 grant to the San Bruno Education Foundation to support two projects central to the San Bruno Park School District's current efforts to transform into "Schools with Tomorrow Inside" – the Sobrato Early Academic Language (SEAL) Program at Belle Air and Allen Elementary Schools and the Parkside Intermediate School Accelerating Student Learning Through Systems Transformation. In July, SBEF and I executed a grant agreement for this strategic grant, and the Foundation disbursed payment of the \$250,000 grant to SBEF.

Implementation of both programs is well underway. The District began the SEAL program at Belle Air and Allen this fall. In September, site administrators and teachers participated in the program launch session, followed by a two-day training for the first of six modules in early October. At the training, the teachers learned several different teaching strategies that they have already begun to implement in their classrooms. In addition, following each module, teachers are afforded 1-2 days for collaborative planning where they develop thematic units aligned across content areas. All teachers in the SEAL program have completed at least one day of collaboration. The District is excited to see the first thematic unit launched in classrooms in November. Each unit is about six weeks in duration. To monitor the implementation, the District will conduct learning walks with SEAL staff and site/district administrators.

In support of the transformative work taking place at Parkside, administrators have begun strengthening instructional practices with the support of Partners in School Innovation (PSI).

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Since the beginning of August, a site transformation partner has worked with the school administrators and leadership team on-site 1.5 days per week. Key elements of the work thus far have included ongoing coaching and development for the principal and leadership team; working with the principal to develop crisis management plans; developing office and administrative systems and supporting the development of a school climate and culture team and plan; developing and implementing a school communication plan; launching an instructional leadership team to collaboratively developing a mission and vision that promotes high expectations for students and a sense of urgency; and conducting a comprehensive school transformation review based on classroom visits, leadership interviews, and teacher focus groups.

c. Pedestrian Safety Strategic Initiative

Last year, the Board approved a strategic grant of up to \$263,952 to the City of San Bruno to support pedestrian safety improvements in San Bruno, including the installation of five sets of flashing beacons at unsignalized or mid-block crosswalks. As reported previously, installation of three sets of flashing beacons at two school sites (two sets at Parkside Intermediate School and one at Portola Elementary School) was completed in February. A fourth set of flashing beacons was installed at an unsignalized crosswalk on the south end of San Mateo Avenue just north of El Camino Real (in front of Roma Italian Delicatessen) in September. Finally, in October, the final set of flashing beacons was installed on Crestmoor Avenue at an unsignalized crosswalk near John Muir Elementary School, which has experienced an increase in attendance this school year with the closing of El Crystal Elementary. Recognition plaques will be installed near the bases of the flashing beacons at the two new sites in the near future. After the City submits the Grant Report for this grant, the Foundation will provide payment based on actual expenditures.

d. First Responder Effectiveness Strategic Initiative

In March of this year, the Board approved grant of up to \$160,723 to the City to fund three first responder effectiveness projects. Implementation of the three projects is proceeding on schedule, with the purchase of the emergency shelter supplies and the scheduling of the police mindfulness training in December and January. The Police Department is working with the consultants to complete the critical facilities site assessments by the end of 2018.

First Responder donations from Google.org and employees from Google and YouTube have totaled slightly more than \$303,000. The City is working on an additional first responder proposal to be funded by these additional funds, which we hope to bring to the Board for approval in the coming months.

SAN BRUNO

Community Foundation

Memorandum

DATE: November 2, 2018

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Election of Officers for 2019

The San Bruno Community Foundation has four elected officers: president, vice president, secretary, and treasurer. Article VIII, Section 2, of the Bylaws states:

The officers of the Corporation, except the Executive Director and those appointed under Section 3 of this Article [meaning those other than the President, Vice President, Secretary, and Treasurer], shall be chosen annually by the Board for one-year terms starting on January 1 and shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under any contract of employment, and subject to the approval of the City Council.

At its September 7, 2016, meeting, the Foundation Board adopted two documents – (1) San Bruno Community Foundation General Principles Regarding Election of Officers, and (2) San Bruno Community Foundation Process for Electing Officers – which now govern the Foundation's election of officers.

Under the Process for Electing Officers:

Officer elections are held no later than the Board's regular November meeting, so that, per the Bylaws, the San Bruno City Council can consider and approve the officers by December 31. Prior to the making of nominations, the subject of elections will be agendized to give Board members the opportunity to comment.

Pursuant to this item, the agenda for the Board's September 5, 2018, meeting included a discussion regarding the election of officers for 2019.

Under the process, the officers shall be elected by the Board of Directors, in the following order:

- President
- Vice President
- Secretary
- Treasurer

SAN BRUNO

Community Foundation

Memorandum

Nominations, including self-nominations, for an office are made orally at the meeting. A nomination must receive a second prior to any vote on that nomination. A Director nominated for an office may decline the nomination, even if the nomination has been seconded. After nominations are taken, the Board is to take a vote. If there is more than one candidate for an office, the Secretary shall conduct a roll-call vote, with each Director casting his/her vote for one candidate. To be elected, a candidate must receive votes from a majority of Directors participating in the meeting.

Following this process, officer elections for 2019 will take place at the Board's November 7, 2018, Regular Meeting. The City Council will consider approving the slate of elected officers for 2019 at its November 27, 2018, Regular Meeting.