

# 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*

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## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Board of Directors

**November 1, 2017**

**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 6, 2017, 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 2017 Financial Statements)

#### **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

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30, 2017, and Adopt Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2017

- b. Receive Report from Ad Hoc Committee on Program Strategy Development Regarding Strategic Initiatives in Partnership with the City of San Bruno and Adopt Resolution Approving Strategic Grant to the City of San Bruno for the Conceptual Design of a New Recreation Center and Aquatic Center in an Amount Not to Exceed \$550,000
- c. Discuss Proposal to Consider Development of First Responder Effectiveness Strategic Initiative in Partnership with the City of San Bruno and Adopt Resolution Creating Ad Hoc Committee on First Responder Effectiveness Strategic Initiative
- d. Receive Report on Other Programs (Community Grants Fund, Crestmoor Neighborhood Memorial Scholarship, Music Education Strategic Initiative)
- e. Elect Officers for 2018

- 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 agendized pursuant to State Law.

## **9. Adjourn**

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## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Board of Directors

**September 6, 2017**

**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 7:00 p.m. In memory of those in San Bruno's Crestmoor neighborhood who lost their lives, property, or sustained injury in the devastating gas pipeline explosion that occurred seven years ago on September 9, 2010, President Kraus asked for a moment of silence.

**2. Roll Call:** Board Members Kraus, Hedley, McGlothlin, Ross, Bohm, Roberts, and Stanback Stroud, present.

**3. Approval of Minutes:** June 7, 2017, Regular Board Meeting: Board Member Stanback Stroud moved to approve the minutes of the June 7, 2017, Regular Board Meeting, seconded by Board Member Bohm, approved; Vice President Hedley abstained.

**4. Presentation:** Introduction of New San Bruno Park School District Superintendent Dr. Stella M. Kemp: President Kraus introduced Dr. Kemp, who started her position in mid-August, and gave a short summary of her background. Dr. Kemp said she appreciated the Foundation's support for the school district, that the district would prudently use PG&E volunteer hours to support the schools, and that she looks forward to sharing the results of her initial survey. Vice President Hedley and Secretary McGlothlin said they are excited about her contributions to the community and sent their best wishes to the school district.

#### **5. Board Member Comments**

a. President: President Kraus remarked that the Foundation's work continues to honor the victims of the 2010 gas pipeline explosion and to focus positive energy on San Bruno in their memory.

b. Others: Vice President Hedley commended the Executive Director for her excellent work on the Annual Report. Secretary McGlothlin noted that residents in the Crestmoor

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neighborhood have some frustration with the City at the slow pace of the neighborhood's recovery, but the Foundation's many activities and forward progress are a positive result. He also said he appreciated the opportunity to attend a presentation at Edgewood Center for Children and Families, one of the Foundation's grantees.

**6. Executive Director's Report:** Executive Director Hatamiya gave a brief report on several items not covered in the business portion of the agenda. First, she reported that the 2017 Annual Report was mailed to all San Bruno addresses the previous day. Second, she reported that at the June 27 City Council meeting, she gave a brief annual report to the Council, highlighting all that the Foundation had accomplished over the past year, and then the Council then addressed two items related to the Foundation, including appointments to the Foundation Board. She reported that the Council appointed Nancy Kraus, John McGlothlin, Emily Roberts, and Tim Ross, to new four-year terms that commence at the beginning of 2018 and will end on December 31, 2021, and she thanked them for their willingness to continue to serve on the Board. She also reported that the Council approved the Foundation's FY 2017-2018 budget. With regard to the Foundation's online presence, she reported that website traffic and e-newsletter readership have been stable and encouraged Board members to visit the Foundation's Facebook page at [facebook.com/sanbrunocommunityfoundation](https://facebook.com/sanbrunocommunityfoundation).

### **7. Consent Calendar**

- a. Adopt Resolution Canceling the October 4, 2017, Regular Board Meeting
- b. Receive and Approve Treasurer's Report (May, June, and July 2017 Financial Statements)

Vice President Hedley moved to accept the Consent Calendar as presented, seconded by Secretary McGlothlin, 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 23, 2017. He reported that the meeting included a new agenda item, "Executive Director's Report, where Executive Director Hatamiya gives an update on Foundation activities to the Committee, and the quarterly report from the team at Sand Hill Global Advisors, LLC, the Foundation's investment adviser. He emphasized for the Board that past investment performance is no guarantee of future investment performance.

Chair Ross then introduced Brian Dombkowski, Sand Hill's CEO, to give the firm's annual presentation to the Board.

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Mr. Dombkowski gave the firm's assessment of the economic and market outlook, highlighting a moderate economic growth environment. 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, 2017, balance of \$16,618,083); (2) a Strategic Pool to be spent down over the next 6-9 years on strategic projects and operations (June 30 balance of \$55,279,359), and (3) a Liquidity Pool to cover the Foundation's near-term cash needs under the fiscal year 2017-2018 budget (June 30 balance of \$88,489). He described the overall performance of the three pools of funds as positive, with a combined value, as of June 30, 2017, of \$71,985,931, 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 honored to work on behalf of the Foundation and the San Bruno community.

Chair Ross also introduced Kristin Sun, a senior wealth manager at Sand Hill.

- b. Receive Report from Ad Hoc Committee on Program Strategy Development Regarding Strategic Initiatives in Partnership with the City of San Bruno

On behalf of the Ad Hoc Committee on Program Strategy Development, Chair Kraus gave a brief update on various strategic grant opportunities the Foundation is pursuing with the City of San Bruno. With regard to the Florida Avenue park development, she reminded the Board that the Foundation has committed \$200,000 to the City's plans to build a new neighborhood park on Florida Avenue and reported that construction on the park will commence in October, with completion expected in February 2018.

Regarding the Foundation's partnership with the City on pedestrian safety improvements, Chair Kraus reminded the Board that at its last meeting, the Board agreed to increase allocation of funding for this project to \$263,952, adding in funding remaining after completion of the Community Facilities Visioning Project. She reported that two sites for flashing pedestrian beacons on San Mateo Avenue are scheduled to be installed at the completion of the City's planned sewer and water replacement project, with the City looking to identify a third downtown site. She then reported that there has been a delay in progress on the installation of flashing beacons at three previously identified locations near Parkside Intermediate School and Portola Elementary School, as the bid presented to the City for the work was 144% higher than the cost estimate; on recommendation from staff, the City Council rejected the bid and authorized staff to seek contractor proposals and to negotiate with the selected contractor. Chair Kraus remarked that the delay is a disappointment for the Foundation, which the Mayor acknowledged publicly at the Council meeting. City staff is proceeding to move this project forward as quickly as possible.

Chair Kraus stated that in March the Board approved a resolution supporting in principle a \$50 million grant to the City for the design and construction of a new recreation center and all-season swimming pool in San Bruno City Park. She reported that the Executive Director is working with outside counsel to develop the grant agreement to formalize this strategic grant arrangement and that the City is in the process of issuing a request for proposals for the first stage of the design process.

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- c. Receive Report on Other Programs (Community Grants Fund, Crestmoor Neighborhood Memorial Scholarship, Music Education Strategic Initiative)

Executive Director Hatamiya and Program Consultant reported on the Foundation's Community Grants Fund, Crestmoor Neighborhood Memorial Scholarship, and Music Education Strategic Initiative.

First, Ms. Hatamiya reported on an adjustment to the 2016-2017 Community Grant awarded to Social Good Fund for the renovation of the American Legion Post building, whereby the grant funds are now being used to replace the hood/fan system in the building's kitchen. Community member Barry Marquardt provided additional details of the kitchen renovations as well as necessary upgrades to the rear of the building.

Ms. Rutgers then reported that she and Secretary McGlothlin attended a lunch presentation at another Community Grant recipient, Edgewood Center for Children and Families, and saw how the grant funds are being used at a drop-in art center. With regard to the current Community Grant application period, she reported that the Foundation will hold one more grant workshop on Monday, September 11, at 6:00 p.m. at City Hall. She said the grant workshops have been lightly attended so far, but she believes is in part due to the thorough "Program Guidelines and User Guide" document we created, which provides question-by-question explanations for the grant application. She said that she expects most of the applications to be submitted in the last week before the September 27 application deadline and that she and Ms. Hatamiya have been assembling the Grant Review Panel, which will evaluate all completed applications and make a recommendation on grant awards to the Board for consideration at the December Board meeting.

Ms. Rutgers then reported on the Crestmoor Scholarship. She said that over the summer the Foundation received the necessary documentation and distributed scholarship checks to all seven 2016 Crestmoor Scholars and all eight 2017 Crestmoor Scholars.

Before Ms. Hatamiya reported on the Music Education Strategic Initiative, President Kraus recused herself from discussion of this agenda item due to her professional association with the San Bruno Park School District and her past volunteer affiliation with the Capuchino High School Alumni Association, and Vice President Hedley presided over the remainder of this agenda item.

Ms. Hatamiya reported that implementation of the Music Education Strategic Initiative, which includes grants totaling \$495,000 to the San Bruno Education Foundation and the Capuchino High School Alumni Association for music education programs, is proceeding on schedule: elementary schools in the San Bruno Park School District are launching the Music for Minors program for all grades; the Parkside Intermediate School music teachers are refurbishing and purchasing instruments and other equipment, as well as starting a new jazz ensemble, with grant funding; and the Capuchino High School Band just received the new band uniforms

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funded by the Foundation. She encouraged community members to read the recent *San Mateo Daily Journal* article on the Music Education Strategic Initiative.

d. Receive Report from Audit Committee Regarding Fiscal Year 2016-2017 Audit

On behalf of the Audit Committee, Chair McGlothlin reported that Foundation staff closed the fiscal year 2016-2017 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 23 at City Hall to review the draft audited financial statements with the auditors, who are also preparing the Foundation's informational tax returns.

e. Discuss Board Meeting Schedule

Executive Director Hatamiya explained that now that the Foundation has emerged from its startup phase, matters requiring Board action arise with less frequency and, therefore, the Board no longer needs to meet every month. After mapping out the key action items and reports that need to take place over the next year, she proposed that the Board plan to meet six times in the next year (regular meetings in November, December, March, June, and September, with a special meeting to be scheduled in January for the Board's annual evaluation of the Executive Director). Consistent with this schedule, the Board approved canceling the October Board meeting as part of the Consent Calendar.

f. Discuss Upcoming Officer Elections for 2018 Term

President Kraus noted that under the "Process for Electing Officers," which the Board adopted in September 2016, "prior to the making of nominations, the subject of elections will be agendaized to give Board members the opportunity to comment." She noted that since there will not be an October Board meeting, this is the Board's opportunity to comment on the 2018 officer elections, which will take place at the November 1, 2017, Board meeting. During the discussion, the current officers stated they would be willing to serve in their current roles if nominated, with Secretary McGlothlin expressing a willingness to serve in other positions as well. He reiterated his belief that members of Boards should have the opportunity to hold office. The three non-officer Board members expressed strong support for the current group of officers to continue in their roles and stated they did not wish to hold office. The Board discussed the potential need to develop new Board members when current Board members' term expire in two and four years.

**9. Public Comment:** Community member Barry Marquardt stated that he has been attending Foundation Board meetings since the beginning and complimented the Board for its productivity, collegiality, and leadership. He said he supported continuation of the current group of officers.



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**10. Adjourn:** Board Member Roberts moved to adjourn the meeting at 7:57 p.m., seconded by Secretary McGlothlin, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of November 1, 2017, by Secretary John McGlothlin and President Nancy Kraus.

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John McGlothlin, Secretary

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Nancy Kraus, President



# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** October 27, 2017

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Executive Director's Report

Since the September 6, 2017, Board meeting, most of my focus has been on topics covered in the November 1, 2017, Board meeting agenda, including program management and support of the strategic initiatives with the City, the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship, the Music Education Strategic Initiative, the Investment Committee, and the Audit Committee. In the Executive Director's Report, I will update the Board on several other matters of importance to the Foundation, including the following:

#### **1. Email Newsletter and Website Hits**

Since the September 6 Board meeting, I sent out two email blasts to the Foundation's email distribution list. One was a substantive newsletter reporting on the September Board meeting, and the second was a reminder of the Community Grants Fund application deadline. The reach of the e-newsletter blasts remained at a steady level compared to past blasts. For the e-newsletter that was sent on September 8, of the 581 emails sent, 40% of the recipients opened the email, and the e-newsletter was viewed, either in email or as posted on the web, 608 times. For the grant application deadline reminder that was sent on September 20, the 594 emails sent, 36% of the recipients opened the email, and the email was viewed 490 times.

According to Google Analytics, website activity has centered on the Community Grants Fund. Since the September Board meeting, 287 users engaged in 535 sessions on the Foundation website, for a total of 1,272 page views. Not surprisingly, the most visited pages were the home page and the pages related to the Community Grants Fund.

#### **2. SBCF Facebook Page**

Program Consultant Stephanie Rutgers continues to post information about the Foundation, including updates on Crestmoor Scholars and past Community Grants Fund grantees, on its Facebook page (<https://www.facebook.com/sanbrunocommunityfoundation/>). To drive more traffic to the page, Ms. Rutgers and I encourage Board members to "like" the page and send out the link to their networks with a suggestion that they also follow and like the page.

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** October 27, 2016

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Consent Calendar for the November 1, 2017, Regular Board Meeting

For the November 1, 2017, 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 2017 Financial Statements)**

The August and September 2017 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 7, 2017, Board meeting.

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

Attachments:

1. August 2017 Financial Statements
2. September 2017 Financial Statements

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## Community Foundation

August 2017

### 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** – Transfers planned for later in the year.

**Line 3 Interest Income** – \$400 is 5% of budget. Liquidity Pool has been less than \$100,000 so far this year.

### EXPENSES

**Line 8 Subtotal Direct Program Expenses** – No Scholarships or Grants have been awarded in the first two months of the year.

**Line 9 Salaries & Wages** – Expense is exactly on budget at 16.7%.

**Line 10 Payroll Taxes & Benefits** – Expense (\$4,082) is 18.1% of budget. Social Security/Medicare (\$2,310) is the largest cost and will be lower at the end of the calendar year. Other costs include retirement (\$1,509) and Workers' Compensation Insurance (\$204).

**Line 12 Occupancy** – Only cost is office lease (\$2,322). Amount is 16.5% of budget.

**Line 13 Insurance** – Total (\$2,977) is exactly on budget and includes Directors & Officers (D&O) coverage (\$2,241) and crime coverage (\$568).

**Line 14 Telecommunications** – Cost (\$298) is 16.6% of budget.

**Line 15 Postage & Shipping** – Cost (\$1,318) is 65.9% of budget. Most of this cost (\$1,246) incurred to distribute annual report to community.

**Line 16 Marketing & Communications** - \$543 expense is 3.6% of budget, with most of the cost (\$485) for the graphic design of annual report.

**Line 17 Office Supplies** – Total (\$333) is 9.5% of budget. Office printer required repair and maintenance costing \$263.

**Line 18 Legal Fees** – Cost (\$120) is 0.3% of budget.

**Line 19 Auditor & Payroll Fees** – Total (\$293) is 2.7% of budget. This cost is Payroll Fees only so far this year.

**Line 20 Other Consultants** - Cost (\$5,659) is 8.7% of budget and is for Accounting (\$3,349) and Program Support (\$2,310) consultants.

**Line 21 Travel, Meetings & Conferences** – Total (\$195) is 4.1% of budget.

**Line 22 Miscellaneous** – Cost (\$354) equals 17.7% of budget with an organizational membership (\$350) representing most of the cost.

### **SUMMARY**

Excluding the budget for Scholarships & Grants, total expenses are at 12.9% of budget, which is well below the 16.7% benchmark for the first two months of the year. In terms of dollars, the \$48,682 in year to date expense is \$14,456 less than the two-month budget allocation.

August net Investment income is \$231,226 and came from the Strategic Pool (\$212,715) and Quasi Endowment (\$18,511). Year to date net investment income is \$918,858 with \$646,132 from Strategic and \$272,726 from Quasi Endowment.

Total Net Assets, as of August 31, 2017 grew to \$72,423,580 with \$16,887,137 in Quasi Endowment and \$55,536,443 in general Unrestricted funds.

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## Community Foundation

### August 2017 2017-2018 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)
<b>INCOME &amp; TRANSFERS</b>					
1 Transfers from Quasi Endowment	\$ -	\$ 352,921	0.0%	\$ 352,921	\$ -
2 Transfers from Strategic Pool	-	1,071,764	0.0%	1,071,764	-
3 Interest Income	400	8,000	5.0%	8,000	-
<b>4 Total Available for Operations</b>	<b>400</b>	<b>1,432,685</b>	<b>0.0%</b>	<b>1,432,685</b>	<b>-</b>
<b>EXPENSES</b>					
5 Crestmoor Scholarships	-	120,000	0.0%	120,000	-
6 Community Grants Fund	-	200,000	0.0%	200,000	-
7 Strategic Grants	-	50,293,952	0.0%	50,293,952	-
<b>8 Subtotal Direct Program Expenses</b>	<b>-</b>	<b>50,613,952</b>	<b>0.0%</b>	<b>50,613,952</b>	<b>-</b>
9 Salaries & Wages	30,188	181,125	16.7%	181,125	-
10 Payroll Taxes & Benefits	4,082	22,594	18.1%	22,594	-
<b>11 Subtotal Personnel Expenses</b>	<b>34,270</b>	<b>203,719</b>	<b>16.8%</b>	<b>203,719</b>	<b>-</b>
12 Occupancy	2,322	14,104	16.5%	14,104	-
13 Insurance	2,977	17,851	16.7%	17,851	-
14 Telecommunications	298	1,800	16.6%	1,800	-
15 Postage & Shipping	1,318	2,000	65.9%	2,000	-
16 Marketing & Communications	543	15,158	3.6%	15,158	-
17 Office Supplies & Equipment	333	3,490	9.5%	3,490	-
18 Legal Fees	120	37,917	0.3%	37,917	-
19 Auditor & Payroll Fees	293	10,733	2.7%	10,733	-
20 Other Consultants	5,659	65,350	8.7%	65,350	-
21 Travel, Meetings & Conferences	195	4,720	4.1%	4,720	-
22 Miscellaneous	354	2,000	17.7%	2,000	-
<b>23 Subtotal Non-Personnel</b>	<b>14,412</b>	<b>175,123</b>	<b>8.2%</b>	<b>175,123</b>	<b>-</b>
<b>24 Total Expenses</b>	<b>48,682</b>	<b>50,992,794</b>	<b>0.1%</b>	<b>50,992,794</b>	<b>-</b>
<b>25 Net Surplus/(Loss)</b>	<b>\$ (48,282)</b>	<b>\$ (49,560,110)</b>		<b>\$ (49,560,110)</b>	<b>\$ -</b>

# SAN BRUNO

## Community Foundation

### Statement of Financial Position as of August 31, 2017

#### ASSETS

Cash, Wells Fargo General	\$ 17,377.37	
Cash, Wells Fargo Payroll	17,297.42	
Cash, Wells Fargo Savings	133,073.77	
Cash, Fidelity Liquidity Pool	88,705.47	
<b>Total Cash</b>		256,454.03
Investments, Fidelity Quasi-Endowment	16,887,137.15	
Investments, Fidelity Strategic Pool	55,855,159.38	
Accrued Interest Receivable	49,464.69	
<b>Total Investments</b>		72,791,761.22
Accounts Receivable	51.90	
Prepaid Rent	1,161.00	
Prepaid Insurance	6,607.16	
<b>Total Other Current Assets</b>		7,820.06
Deposits	1,335.45	
<b>Total Other Assets</b>		1,335.45
<b>TOTAL ASSETS</b>		<u>\$ 73,057,370.76</u>

#### LIABILITIES & NET ASSETS

##### LIABILITIES

Accounts Payable	3,456.85	
Accrued Grants Payable	497,562.00	
Accrued Scholarships Payable	120,000.00	
Accrued Employee PTO	12,771.73	
<b>Total Liabilities</b>		633,790.58

##### NET ASSETS

Unrestricted, Non-QE 7/1/2017 Balance	54,938,593.61	
Year to Date Net Income	(48,282.53)	
Investment Income	646,131.95	
<b>Total Non-QE Net Assets</b>	55,536,443.03	
Quasi-Endowment 7/1/2017 Balance	16,614,410.94	
Year-to-date QE Net Investment Income	272,726.21	
<b>Total Quasi-Endowment Net Assets</b>	16,887,137.15	

<b>Total Unrestricted Net Assets</b>	72,423,580.18	
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>		<u>\$ 73,057,370.76</u>

# SAN BRUNO

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## Community Foundation

September 2017

### 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 equals 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** – Transfers planned for later in the year.

**Line 3 Interest Income** – \$507 is 6.3% of budget. Liquidity Pool has been less than \$100,000 so far this year.

### EXPENSES

**Line 8 Subtotal Direct Program Expenses** – No Scholarships or Grants have been awarded in the first quarter of the year.

**Line 9 Salaries & Wages** – Expense is exactly on budget at 25%.

**Line 10 Payroll Taxes & Benefits** – Expense (\$5,589) is 24.7% of budget. Costs include: Social Security/Medicare (\$2,960); retirement (\$2,264); and Workers' Compensation Insurance (\$306).

**Line 12 Occupancy** – Only cost is office lease (\$3,483). Amount is 24.7% of budget.

**Line 13 Insurance** – Total (\$4,465) is exactly on budget and policies include: Directors & Officers (\$3,361); crime (\$852); and commercial liability (\$252).

**Line 14 Telecommunications** – Cost (\$450) is exactly on budget at 25%.

**Line 15 Postage & Shipping** – Cost (\$1,383) is 69.2% of budget. Most of this cost (\$1,246) incurred to distribute annual report to community.

**Line 16 Marketing & Communications** - \$6,903 expense is 45.5% of budget, with most of the cost for printing (\$6,331) and graphic design (\$485) of annual report.

**Line 17 Office Supplies & Equipment** – Total (\$411) is 11.8% of budget. Office printer required repair and maintenance costing \$263.

**Line 18 Legal Fees** – Cost (\$3,270) is 8.6% of budget. Entire amount related to Recreation Center Strategic Grant.

**Line 19 Auditor & Payroll Fees** – Total (\$4,434) is 41.3% of budget and includes Audit (\$4,000) and Payroll (\$434) fees.



**Line 20 Other Consultants** - Cost (\$10,114) is 15.5% of budget and is for Accounting (\$4,497) and Program Support (\$5,617) consultants.

**Line 21 Travel, Meetings & Conferences** – Total (\$602) is 12.8% of budget and almost entirely related to Board meetings.

**Line 22 Miscellaneous** – Cost (\$396) equals 19.8% of budget with an organizational membership (\$350) representing most of the cost.

### **SUMMARY**

Excluding the budget for Scholarships & Grants, total expenses are at 22.9% of budget, which is below the 25% benchmark for the first quarter of the year. In terms of dollars, the \$86,781 in year to date expense is \$7,930 less than the first quarter budget allocation. The three line items exceeding 25% of budget (Postage & Shipping; Marketing & Communications; and Auditor & Payroll Fees) are at those levels only due to the timing of annual report and auditing expenses.

September net Investment income is \$458,558 and came from the Strategic Pool (\$194,880) and Quasi Endowment (\$263,678). Year to date net investment income is \$1,377,416 with \$841,012 from Strategic and \$536,404 from Quasi Endowment.

Total Net Assets, as of September 30, 2017 grew to \$72,844,147 with \$17,150,815 in Quasi Endowment and \$55,693,332 in general Unrestricted funds.

# SAN BRUNO

## Community Foundation

### September 2017 2017-2018 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)
<b>INCOME &amp; TRANSFERS</b>					
1 Transfers from Quasi Endowment	\$ -	\$ 352,921	0.0%	\$ 352,921	\$ -
2 Transfers from Strategic Pool	-	1,071,764	0.0%	1,071,764	-
3 Interest Income	507	8,000	6.3%	8,000	-
<b>4 Total Available for Operations</b>	507	1,432,685	0.0%	1,432,685	-
<b>EXPENSES</b>					
5 Crestmoor Scholarships	-	120,000	0.0%	120,000	-
6 Community Grants Fund	-	200,000	0.0%	200,000	-
7 Strategic Grants	-	50,293,952	0.0%	50,293,952	-
<b>8 Subtotal Direct Program Expenses</b>	-	50,613,952	0.0%	50,613,952	-
9 Salaries & Wages	45,281	181,125	25.0%	181,125	-
10 Payroll Taxes & Benefits	5,589	22,594	24.7%	22,594	-
<b>11 Subtotal Personnel Expenses</b>	50,870	203,719	25.0%	203,719	-
12 Occupancy	3,483	14,104	24.7%	14,104	-
13 Insurance	4,465	17,851	25.0%	17,851	-
14 Telecommunications	450	1,800	25.0%	1,800	-
15 Postage & Shipping	1,383	2,000	69.2%	2,000	-
16 Marketing & Communications	6,903	15,158	45.5%	15,158	-
17 Office Supplies & Equipment	411	3,490	11.8%	3,490	-
18 Legal Fees	3,270	37,917	8.6%	37,917	-
19 Auditor & Payroll Fees	4,434	10,733	41.3%	10,733	-
20 Other Consultants	10,114	65,350	15.5%	65,350	-
21 Travel, Meetings & Conferences	602	4,720	12.8%	4,720	-
22 Miscellaneous	396	2,000	19.8%	2,000	-
<b>23 Subtotal Non-Personnel</b>	35,911	175,123	20.5%	175,123	-
<b>24 Total Expenses</b>	86,781	50,992,794	0.2%	50,992,794	-
<b>25 Net Surplus/(Loss)</b>	\$ (86,274)	\$ (49,560,110)		\$ (49,560,110)	\$ -

# SAN BRUNO

## Community Foundation

### Statement of Financial Position as of September 30, 2017

#### ASSETS

Cash, Wells Fargo General	\$	24,960.15	
Cash, Wells Fargo Payroll		51,657.60	
Cash, Wells Fargo Savings		62,076.36	
Cash, Fidelity Liquidity Pool		89,025.35	
<b>Total Cash</b>			227,719.46
Investments, Fidelity Quasi-Endowment		17,150,815.27	
Investments, Fidelity Strategic Pool		56,054,637.09	
Accrued Interest Receivable		44,651.43	
<b>Total Investments</b>			73,250,103.79
Prepaid Rent		1,161.00	
Prepaid Insurance		6,443.50	
<b>Total Other Current Assets</b>			7,604.50
Deposits		1,335.45	
<b>Total Other Assets</b>			1,335.45
<b>TOTAL ASSETS</b>			<u>\$ 73,486,763.20</u>

#### LIABILITIES & NET ASSETS

##### **LIABILITIES**

Accounts Payable		12,282.16	
Accrued Grants Payable		497,562.00	
Accrued Scholarships Payable		120,000.00	
Accrued Employee PTO		12,771.73	
<b>Total Liabilities</b>			642,615.89

##### **NET ASSETS**

Unrestricted, Non-QE 7/1/2017 Balance		54,938,593.61	
Year to Date Net Income		(86,273.56)	
Investment Income		841,011.99	
<b>Total Non-QE Net Assets</b>		55,693,332.04	
Quasi-Endowment 7/1/2017 Balance		16,614,410.94	
Year-to-date QE Net Investment Income		536,404.33	
<b>Total Quasi-Endowment Net Assets</b>		17,150,815.27	
<b>Total Unrestricted Net Assets</b>			72,844,147.31
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>			<u>\$ 73,486,763.20</u>

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** October 27, 2017

**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, 2017, and Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2017

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 May 3, 2017, the Foundation is using Novogradac & Company LLP, a national certified public accounting firm, to conduct the audit of the Foundation's financial statements for the year ended June 30, 2017, 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 25, a week and a half prior to the September 5 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, 2017, the Audit Committee met to discuss with the Novogradac team the draft audited financial statements that the Novogradac team had prepared. Later that day, the Novogradac team produced the attached final audit report, which covers the Foundation's finances from July 1, 2016, through June 30, 2017. 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, 2017, 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."

# SAN BRUNO

## Community Foundation

### Memorandum

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At the November 1, 2017, 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 supporting materials 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, 2017.

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 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, 2017, deadline. If I am able to circulate the tax returns prior to November 1, Mr. Smith and I will be able to answer any questions Board members may have about the tax returns at the Board meeting.

Attachment:

1. Resolution Approving the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2017
2. The San Bruno Community Foundation Financial Statements and Report of Independent Auditors for the year ended June 30, 2017, with comparative totals as of and for the year ended June 30, 2016, and supporting materials from Novogradac

**RESOLUTION NO. 2017-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
APPROVING THE FOUNDATION'S AUDITED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED JUNE 30, 2017**

**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 May 3, 2017, 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, 2017, and to prepare the Foundation's annual federal and state tax returns;

**WHEREAS**, on June 5, 2017, 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, 2017, 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, 2017, 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, 2017, 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 1, 2017, 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, 2017, as prepared by Novogradac & Company LLP.

Dated: November 1, 2017

ATTEST:

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John McGlothlin, Secretary

I, John McGlothlin, Secretary, do hereby certify that the foregoing Resolution No. 2017-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of November, 2017, 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, 2017  
with comparative totals as of and for the year ended June 30, 2016

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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, 2017, and the related statements of activities, functional expenses and changes in net assets, 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited The San Bruno Community Foundation's financial statements for the year ended June 30, 2016, and our report dated October 25, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Novogradac & Company LLP*

San Rafael, California  
October 23, 2017

**THE SAN BRUNO COMMUNITY FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2017  
with comparative totals as of June 30, 2016

**ASSETS**

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 260,457	\$ 299,609
Investments	71,900,879	69,987,770
Accounts receivable	-	1
Interest receivable	42,632	58,621
Prepaid expenses	8,709	7,664
Deposits	<u>1,335</u>	<u>1,517</u>
Total assets	<u><u>\$ 72,214,012</u></u>	<u><u>\$ 70,355,182</u></u>

**LIABILITIES**

Accounts payable	\$ 23,445	\$ 22,566
Accrued scholarships	140,000	80,000
Accrued grants payable	<u>497,562</u>	<u>55,000</u>
Total liabilities	661,007	157,566

**UNRESTRICTED NET ASSETS**

Board designated	16,614,411	15,118,120
Non-designated	<u>54,938,594</u>	<u>55,079,496</u>
Total unrestricted net assets	71,553,005	70,197,616
Total liabilities and net assets	<u><u>\$ 72,214,012</u></u>	<u><u>\$ 70,355,182</u></u>

see accompanying notes

**THE SAN BRUNO COMMUNITY FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended June 30, 2017  
with comparative totals for the year ended June 30, 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Restitution funds	\$ -	\$ 70,052,576
Restricted donations	15,999	-
Interest and dividends	1,557,877	128,131
Net realized / unrealized gain on investments	1,570,791	327,665
Less: investment fees	(201,010)	(7,258)
Total revenue and other support	<u>2,943,657</u>	<u>70,501,114</u>
EXPENSES		
Program expense	1,445,095	323,710
Management and general	143,173	157,026
Total expenses	<u>1,588,268</u>	<u>480,736</u>
CHANGE IN NET ASSETS	1,355,389	70,020,378
NET ASSETS AT BEGINNING OF YEAR	<u>70,197,616</u>	<u>177,238</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 71,553,005</u></u>	<u><u>\$ 70,197,616</u></u>

see accompanying notes

**THE SAN BRUNO COMMUNITY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2017  
with comparative totals for the year ended June 30, 2016

	Program Services	Management and General	Total	2016 Total
<b>SALARY AND PAYROLL</b>				
Salaries and wages	\$ 115,409	\$ 62,143	\$ 177,552	\$ 175,000
Payroll taxes and benefits	20,212	10,883	31,095	26,712
Total personnel expenses	135,621	73,026	208,647	201,712
<b>OTHER EXPENSES</b>				
Scholarships	120,000	-	120,000	100,000
Grants	1,121,047	-	1,121,047	55,000
Rent	8,558	4,608	13,166	11,413
Insurance	-	16,510	16,510	16,555
Telecommunications	1,180	636	1,816	1,467
Postage and shipping	1,234	665	1,899	373
Printing and copying	7,254	2,650	9,904	3,160
Office supplies	892	913	1,805	1,369
Office equipment and furniture	129	69	198	2,023
Legal fees	16,860	11,761	28,621	27,766
Accounting and payroll fees	-	27,940	27,940	25,832
Other professional services	32,033	116	32,149	27,267
Travel, meetings and conferences	287	2,876	3,163	5,880
Miscellaneous	-	1,403	1,403	919
Total other expenses	1,309,474	70,147	1,379,621	279,024
<b>TOTAL EXPENSES</b>	<b>\$ 1,445,095</b>	<b>\$ 143,173</b>	<b>\$ 1,588,268</b>	<b>\$ 480,736</b>

see accompanying notes



**THE SAN BRUNO COMMUNITY FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2017  
with comparative totals for the year ended June 30, 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,355,389	\$ 70,020,378
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized/unrealized gain on investments	(1,570,791)	(327,665)
Decrease (increase) in assets:		
Accounts receivable	1	89
Interest receivable	15,989	(58,621)
Prepaid expenses	(1,045)	(290)
Increase in liabilities:		
Accounts payable	879	12,775
Accrued scholarships	60,000	80,000
Accrued grants payable	442,562	55,000
Net cash provided by operating activities	<u>302,984</u>	<u>69,781,666</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawal from deposits	182	3
Purchase of securities	<u>(342,318)</u>	<u>(69,660,105)</u>
Net cash used in investing activities	<u>(342,136)</u>	<u>(69,660,102)</u>
 Net (decrease) increase in cash and cash equivalents	(39,152)	121,564
 Cash and cash equivalents at beginning of year	<u>299,609</u>	<u>178,045</u>
 Cash and cash equivalents at end of year	<u>\$ 260,457</u>	<u>\$ 299,609</u>

see accompanying notes

## THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2017

with comparative totals as of and for the year ended June 30, 2016

### 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.

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, 2017 and 2016, the Foundation had no temporarily restricted or permanently restricted net assets.

#### 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, 2017

with comparative totals as of and for the year ended June 30, 2016

### 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, 2017 and 2016, cash and cash equivalents consist of the following:

	<u>2017</u>	<u>2016</u>
Cash - operating	\$ 242,753	\$ 44,417
Liquidity fund cash	<u>17,704</u>	<u>255,192</u>
Total cash and cash equivalents	<u>\$ 260,457</u>	<u>\$ 299,609</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.

#### Restitution funds recognition

Restitution funds are recognized when the City makes an unconditional promise to give to the Foundation.

In February 2015, the City Council approved transfer of \$491,031 of funds to cover the Foundation's reimbursement to the City of costs incurred in the formation of the Foundation and enough funds to cover what was estimated to be approximately one year of operating expenses. The City has transferred the remaining restitution funds to the Foundation during the year ended June 30, 2016. For the years ended June 30, 2017 and 2016, the Foundation recognized \$0 and \$70,052,576, respectively, as income.

The City held the balance of the restitution funds in two custodial accounts. The first account held the balance of the original \$68,750,000 cash payment the City received in 2012. The second account held the proceeds of the sale of three of the lots that were part of the restitution settlement in the amount of \$1,243,563.

#### 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.

# THE SAN BRUNO COMMUNITY FOUNDATION

Notes to Financial Statements

June 30, 2017

with comparative totals as of and for the year ended June 30, 2016

## 2. Summary of significant accounting policies (continued)

### 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).

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, 2017 and 2016:

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>

June 30, 2016				
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Liquidity pool	\$ 1,090,228	\$ -	\$ -	\$ 1,090,228
Strategic pool	53,779,422	-	-	53,779,422
Quasi-endowment pool	15,118,120	-	-	15,118,120
Total assets	<u>\$ 69,987,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,987,770</u>

## THE SAN BRUNO COMMUNITY FOUNDATION

### Notes to Financial Statements

June 30, 2017

with comparative totals as of and for the year ended June 30, 2016

#### 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 the years ended June 30, 2017 and 2016, scholarship expense was \$120,000 and \$100,000, respectively. As of June 30, 2017 and 2016, accrued scholarships payable was \$140,000 and \$80,000, respectively.

##### 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, 2017 and 2016, grant expense was \$1,121,047 and \$55,000, respectively. As of June 30, 2017 and 2016, accrued grants payable was \$497,562 and \$55,000, respectively.

##### Functional allocation of expenses

For the years ended June 30, 2017 and 2016, 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, 2017

with comparative totals as of and for the year ended June 30, 2016

## 2. Summary of significant accounting policies (continued)

### Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

### Subsequent events

Subsequent events have been evaluated through October 23, 2017, 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, 2017 and 2016:

		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>

		2016
	<u>Cost</u>	<u>Market Value</u>
Liquidity pool	\$ 1,091,101	\$ 1,090,228
Strategic pool	53,479,554	53,779,422
Quasi-endowment pool	15,013,314	15,118,120
Total securities	<u>\$ 69,583,969</u>	<u>\$ 69,987,770</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, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 1,557,877	\$ 128,131
Realized gain	401,654	308
Unrealized gain	1,182,734	327,357
Less: investment fees	<u>(201,010)</u>	<u>(7,258)</u>
Total investment returns	<u>\$ 2,927,658</u>	<u>\$ 448,538</u>

## THE SAN BRUNO COMMUNITY FOUNDATION

### Notes to Financial Statements

June 30, 2017

with comparative totals as of and for the year ended June 30, 2016

#### 4. Office lease

The Foundation entered into an office lease with San Bruno Office Associates, LLC for a term of one year, which expired on March 31, 2016. On March 3, 2016, the Foundation renewed its office lease agreement for a term of one year commencing on April 1, 2016, with monthly payments of \$1,064. On March 3, 2016, the Foundation renewed its office lease agreement for a term of one year commencing on April 1, 2016, with monthly payments of \$1,064. On February 17, 2017, the Foundation renewed its office lease again with an expiration date of March 31, 2023, 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, 2017 and 2016, office lease payments were \$13,166, and \$11,413, respectively. The Foundation's total minimum rental commitments for the lease for the year ending June 30, are as follows:

2018	\$	14,034
2019		14,468
2020		<u>11,079</u>
Total	\$	<u>39,581</u>

#### 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 March 2017, an additional, one-time, non-matching contribution was made. For the years ended June 30, 2017 and 2016, \$17,628 and \$8,750, respectively, was contributed by the Foundation on behalf of its employees.

#### 6. 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, 2016, from which the summarized information was derived.





**NOVOGRADAC**

**& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2017

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, 2017, and have issued our report thereon dated October 23, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2016. 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 2017. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. 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, 2017 and 2016 and a summary of activity for the years then ended.

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

**NOVOGRADAC & COMPANY LLP**

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*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are 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, professional standards define a disagreement with management as 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 23, 2017.

*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 23, 2017  
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

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**DATE:** October 27, 2017

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Program Strategy Development Regarding Strategic Initiatives in Partnership with the City of San Bruno, including Resolution Approving Strategic Grant to the City of San Bruno for the Conceptual Design of a New Recreation Center and Aquatic Center in an Amount Not to Exceed \$550,000

Since January 2016, the Ad Hoc Committee on Program Strategy Development has been working with a corresponding subcommittee of the San Bruno City Council (consisting of Mayor Jim Ruane and Councilmember Irene O'Connell) on a series of strategic grant opportunities in partnership with the City. At the November 1, 2017, Board meeting, President Nancy Kraus, as chair of the Ad Hoc Committee on Program Strategy Development (which also includes Vice President Frank Hedley and Board Member Regina Stanback Stroud), will provide the Board with an update on three of the projects.

#### **1. Florida Avenue Park**

The Foundation has committed \$200,000 to the City's plans to build a new neighborhood park on Florida Avenue on the east side of San Bruno. As reported previously, in August the City Council approved execution of the construction contracts to build the park. Construction work has been slightly delayed due to issues with the design and the construction contractor and should begin soon, with completion targeted for the spring of 2018. The grant period in the Foundation's grant agreement with the City for this project was originally set to end on December 31, 2017; due to the current project schedule, the City Manager and I will soon execute an amendment to the grant agreement extending the grant period until June 30, 2018.

#### **2. Pedestrian Safety Improvements**

The Committee continues to work with the City on a package of efforts to enhance pedestrian safety in San Bruno. On June 7, the Board authorized increasing the allocation for the pedestrian safety improvements to \$263,952 (from \$170,000), using the balance of funds left over from the Community Facilities Vision Plan project, to fund flashing beacons at up to six unsignalized or mid-block crosswalks in San Bruno and related planning studies.

# SAN BRUNO

## Community Foundation

### Memorandum

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The City is planning to install flashing beacons at three locations near schools: two near Parkside Intermediate School on Niles Avenue and one near Portola Elementary School on Amador Avenue. As reported earlier, over the summer the City advertised for bids to install the flashing beacons at the three school sites, but the City received only one bid, which was 144% higher than the City Engineer's estimate. On August 22, the City Council approved City staff's recommendation to reject the bid and authorize staff to seek contractor proposals and to negotiate with the selected contractor. After reposting the project in the fall, the City received three new proposals, and on October 10, the City Council approved a construction contract with St. Francis Electric, LLC, for the installation of the flashing beacons at the three school sites as well as a project budget of \$165,229 for the school sites. The City is in the process of scheduling the installation work by early 2018.

Additionally, the City originally identified three sites on San Mateo Avenue in the downtown area for the flashing beacons. As reported previously, in the spring the City determined that one of the locations is not suitable for installation of the flashing due to an existing storm drain culvert underneath the sidewalk. On July 25, the City Council approved the contract for the sewer and water replacement project along San Mateo Avenue, which is to take place this winter and includes installation of the two flashing beacon sites on that street. Since then, upon evaluation of traffic safety on San Mateo Avenue, City staff proposed to the Traffic Safety and Parking Committee (TSPC) installing stop signs at the intersection of Jenevein and San Mateo Avenue, which was one of the original flashing beacon sites. TSPC approved the proposal, which will be sent to the City Council, and therefore there will be only one flashing beacon installation as part of the sewer and water replacement project, which is expected to be completed by late spring 2018. The flashing beacon installation will take place at the end of the project, after the underground work has been completed.

Based on the projected costs for the planning work and installation of the three school sites and the one site on San Mateo Avenue, there may only be enough funds remaining for one additional set of flashing beacons in the downtown area. The City will identify at least one more downtown location appropriate for flashing beacons, most likely on San Bruno Avenue.

With project costs for the planning work and flashing beacon installation at the three school sites and one San Mateo Avenue site finally known, I was able, with assistance from our nonprofit counsel, to draft the grant agreement for the pedestrian safety initiative. Per the Board's authorization on June 7, the City Manager and I will soon execute a grant agreement for the pedestrian safety initiative for a grant amount not to exceed \$265,952, with the grant period to conclude in July 2018.

# SAN BRUNO

## Community Foundation

### Memorandum

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As mentioned previously, community partner YouTube has committed to contributing financially to this project, which will offset the Foundation's contribution. We are working on a public relations announcement of the initiative and YouTube's partnership that we hope will coincide with the beginning of the school site installations.

### **3. Recreation Center/Pool Facility Project**

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. As mentioned at previous meetings, the City's recreation center/pool project will be implemented in three primary stages: conceptual design development, design and development of construction drawings, and construction.

In September the City issued a request for qualifications and proposals (RFQ/P) for the conceptual design work on the recreation center/pool project. I attended the City's pre-proposal meeting at the recreation center on October 4, which attracted a large number of interested architectural firms. The City received 10 responses to the RFQ/P, and a review panel on which I will participate will soon interview selected finalists. The City intends to select the firm to do the conceptual design work in November and bring the award of contract to the City Council for consideration on November 28.

The original plan was to execute a grant agreement for the entire project, covering all three stages. Upon advice of our nonprofit counsel at the NEO Law Group, I engaged a team of attorneys at Cox, Castle & Nicholson, a California firm that specializes in real estate and construction law, to provide guidance on the construction aspects of the grant agreement. In discussing all the issues and open questions surrounding a complex construction project like the building of the recreation center/pool facility, the attorneys suggested and I concluded that the most prudent course of action would be to proceed first with a grant agreement for the conceptual design stage only. Through the conceptual design process, the City will be able to begin to resolve many of the issues required for a multimillion-dollar grant agreement for the facility's construction, such as location, budget targets, timeline, operational and maintenance plans, and additional sources of funding. The Committee agreed to propose a multi-stage approach to the project funding, starting with a grant for the conceptual design stage, to the City.

On September 20, the Committee met with its City Council counterpart (which consists, as mentioned above, of Mayor Ruane and Councilmember O'Connell) to discuss the recreation center/pool project and other projects with the City. For the meeting, the Cox Castle team developed a list of key discussion points needed to facilitate the development of the grant agreement. The Foundation proposed, and the City Council subcommittee agreed, to proceed with a grant agreement for the conceptual design

# SAN BRUNO

## Community Foundation

### Memorandum

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phase. The group discussed various outstanding issues for the preparation of the grant agreement.

With input from that meeting as well as follow-up discussions with the City Manager, I developed with assistance from outside counsel the conceptual design grant agreement, and at the November 1 Board meeting, the Committee will seek the Board's approval of a grant to the City of San Bruno, for an amount not to exceed \$550,000, for conceptual design stage of the recreation center/pool facility project. Key provisions in the grant agreement would include the following:

- *Grant Amount:* Not to exceed \$550,000. This amount is based on the cost estimates in the proposals of the finalists the City is considering.
- *Grant Purposes:* To be used exclusively to cover expenses in connection with the conceptual design of a community recreation center and aquatics center, including a swimming pool, for the benefit of the public. These expenses may include the costs associated with engaging with an architectural firm to conduct the conceptual design work as well as hiring a project manager to oversee the conceptual design stage of the project for the City (which may be necessary due to the announced retirements of both the City Manager and the Community Services Director).
- *Grant Period:* The grant period will terminate on July 31, 2018.
- *Reporting Requirements and Disbursement:* The Foundation will disburse an upfront payment of \$400,000 to the City. Within 60 days after the grant period concludes, the City will submit a grant report evidencing expenses incurred in furtherance of the grant purposes. After receipt of the grant report, the Foundation will disburse the remaining balance of the grant funds to cover actual expenses incurred, as substantiated by the grant report, to the City.

The grant agreement references the Foundation's intention to make additional grants to the City to support further design and construction of the recreation center/pool facility totaling up to \$49,450,000 but does not commit the Foundation to do so.

Please note that in developing the Foundation's FY2017-2018 budget, we envisioned that the Board would approve the full \$50 million grant for the full project, and therefore the anticipated total for strategic grants included \$50 million for this project. However, under the multi-stage strategy now being proposed, only the \$550,000 grant will be recorded for this project in this fiscal year's financial statements.

Also note that we originally projected that the conceptual design portion of the overall grant would be \$300,000, based on the City's best estimation of how much a contract for this work would cost at the time the 2017-2018 budget was created. The \$550,000 amount now proposed for the conceptual design grant is based on the responses of the finalists being considered by the City for the conceptual design work. It also includes



# SAN BRUNO

## Community Foundation

### Memorandum

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funds to cover the cost of the City hiring a project manager to oversee this phase, in light of recent developments related to key City staff (both the City Manager and the Community Services Director announcing their retirements in early 2018).

Moreover, the \$300,000 estimate was incorporated into the cash flow analysis that informed the Board's approval of \$1,071,764 to be transferred from the Strategic Pool investment account to the Liquidity Pool account for use in this fiscal year. Given the timing of the installment payment plan, we will likely disburse \$400,000 to the City for this grant this fiscal year. Depending on the timing of disbursements related to other strategic grants that the Board has already approved or may approve in the future, I may need to ask the Board before the end of the fiscal year for an increase in the transfer of funds from the Strategic Pool account to the Liquidity Pool account to cover all cash needs for the grants. Accounting Consultant Frank Bittner and I are monitoring the Foundation's cash flow needs closely.

The Committee recommends that the Board approve the attached resolution approving a strategic grant to the City for the conceptual design of a new recreation center and aquatic center in an amount not to exceed \$550,000. Upon Board approval, the City Council will consider at its November 28 meeting a proposal to enter the grant agreement with the Foundation as well as to execute a contract with the selected architectural firm for the conceptual design work.

#### Attachment:

1. Resolution Approving Strategic Grant to the City of San Bruno for the Conceptual Design of a New Recreation Center and Aquatic Center in an Amount Not to Exceed \$550,000.



## **RESOLUTION NO. 2017-\_\_**

### **RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION APPROVING STRATEGIC GRANT TO THE CITY OF SAN BRUNO FOR THE CONCEPTUAL DESIGN OF A NEW RECREATION CENTER AND AQUATIC CENTER IN AN AMOUNT NOT TO EXCEED \$500,000**

**WHEREAS**, in the spring of 2015 The San Bruno Community Foundation conducted a Community Listening Campaign, through which the upgrade and expansion of San Bruno's community facilities, including its recreation center, swimming pool, and library, as well as the need for community center facilities, were identified as important community needs;

**WHEREAS**, in November 2015, the Foundation's Board of Directors established a quasi-endowment of \$15 million to be invested following a long-term investment strategy, with the remaining balance of the approximately \$70 million in the Foundation's funds to be used to fund programs and operations, and identified strategic grantmaking priorities, including such capital projects as upgraded library/community center, year-round swimming pool, and recreation center facilities;

**WHEREAS**, in January 2016, the Board of Directors agreed to provide funds not to exceed \$300,000 to the City of San Bruno to fund the completion of a Community Facilities Vision Plan focused on the Foundation's capital project strategic priorities and related facilities;

**WHEREAS**, from late summer 2016 through the beginning of 2017, the City, with the assistance of Anderson Brule Architects, conducted a community facilities visioning and prioritization process that solicited input from the San Bruno community on capital project concepts involving standalone and combined recreation center, library, community center, and swimming pool facilities;

**WHEREAS**, on February 14, 2017, after receiving and considering the results of the community facilities visioning and prioritization process, the San Bruno City Council agreed by consensus to build a new recreation center/pool joint facility in San Bruno City Park and directed the City Manager to (a) move forward with selecting a firm to do preliminary conceptual design development and programming, and (b) formally request from the Foundation funding of \$50 million to support this project;

**WHEREAS**, the City of San Bruno has formally requested a grant of \$50 million from the Foundation for the recreation center/pool joint facility project;

**WHEREAS**, concluding that a new recreation center/pool facility would be a meaningful investment benefiting the entire San Bruno community for years to come and a tangible tribute to the Crestmoor neighborhood and those residents who most directly experienced the devastation of the 2010 gas pipeline explosion, on March 1, 2017, the Board approved a resolution expressing its support for the concept of the

Foundation making a strategic grant to the City of San Bruno for the planning, design, and construction of a new recreation center-swimming pool joint facility in an amount not to exceed \$50 million and directing the Executive Director to proceed with negotiating and proposing the terms of such grant arrangement with the City;

**WHEREAS**, upon advice of legal counsel, the Executive Director and the Ad Hoc Committee on Program Strategy Development proposed a multi-stage grantmaking approach to the project, beginning with a strategic grant to cover expenses related to the project's conceptual design stage;

**WHEREAS**, the City of San Bruno has received and is evaluating submissions in response to its request for qualifications and proposals for the conceptual design of a recreation center and aquatic center and intends in the near future to select an architectural firm to conduct the conceptual design work; and

**WHEREAS**, the Executive Director has negotiated with the City Manager a strategic grant agreement, for an amount not to exceed \$550,000, for the conceptual design of the recreation center and aquatic center.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves a strategic grant, in an amount not to exceed \$550,000, to the City of San Bruno to cover expenses in connection with the conceptual design of a community recreation center and aquatic center for the benefit of the public.

Dated: November 1, 2017

ATTEST:

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John McGlothlin, Secretary

I, John McGlothlin, Secretary, do hereby certify that the foregoing Resolution No. 2017-\_\_ was duly and regularly passed and adopted by the Board of Directors of The San Bruno Community Foundation on this 1<sup>st</sup> day of November, 2017, by the following vote:

AYES:      Board members:

NOES:      Board members:

ABSENT:    Board members:

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** October 27, 2017

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Proposal to Consider Development of First Responder Effectiveness Strategic Initiative in Partnership with the City of San Bruno, including Resolution Creating Ad Hoc Committee on First Responder Effectiveness Strategic Initiative

At the November 1, 2017, Board meeting, I will bring to the Board the idea for a “First Responder Effectiveness Strategic Initiative” and recommend the creation of an ad hoc committee charged with investigating and developing a proposal for such strategic initiative.

#### **1. Framework for Strategic Grantmaking**

Adopted in October 2015, the Foundation’s Program Strategy Framework identifies 11 focus areas to enhance the quality of life in San Bruno, with an emphasis on enduring and long-term benefits:

- Publicly owned community facilities
- Community health and safety
- Sports and recreation
- Education
- Youth activities
- Public spaces, parks, and open space
- Community-building
- Human and social services for all
- Economic vitality
- Intra-San Bruno transit
- Healthy, stable, and affordable housing

The Program Strategy Framework further outlines three categories, or buckets, of activity: (1) Strategic Grantmaking, (2) Responsive Grantmaking, and (3) Foundation Programs. In creating the three buckets, the Board anticipated that many of the Foundation’s larger grants will be strategic grants, where the Foundation, in partnership with other key stakeholders, identifies a specific community need and proactively reaches out to the organizations best suited to address that need to develop a course of action.

# SAN BRUNO

## Community Foundation

### Memorandum

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With regard to the strategic grantmaking bucket, in November 2015 the Board identified a list of priorities and directed staff to begin working with the relevant community partners to research and, as appropriate, develop concrete funding proposals to address these priorities:

#### *Capital Project Priorities*

- Upgraded library/community center
- Year-round swimming pool
- Upgraded recreation center
- Athletic field improvements
- Park improvements

#### *Other Priorities*

- Education
- Social and human services
- Citywide beautification efforts
- Community-building

## **2. Proposal to Develop First Responder Effectiveness Strategic Initiative in Partnership with the City of San Bruno**

Following the framework outlined above, at the November 1 Board meeting I will bring before the Board a proposal to develop a strategic initiative to increase the effectiveness of San Bruno's first responders (Police and Fire Departments) and ask the Board to create an ad hoc committee to research this idea. The idea originated out of the Community Grants Fund, as the City of San Bruno applied for grants to fund two first responder effectiveness projects, both at the \$25,000 level.

The first project, under the auspices of the Fire Department, is to establish emergency shelter operations for San Bruno residents in the event of a disaster. Although the City has identified City buildings that could be used as shelters in the event of a disaster and that have been inspected and certified by the American Red Cross, as well as staff from the Community Services Department trained in shelter operations, the City does not own the equipment – such as cots, blankets, first aid kits, hygiene supplies, and a trailer to transport the supplies to the identified shelter location – needed to open and operate a shelter independent of outside assistance. As a result, if the need arose for emergency sheltering, the City would rely on the San Mateo County Office of Emergency Services and/or the American Red Cross for sheltering supplies; of note, the Red Cross has notified the San Mateo Emergency Managers Association that it is reducing its inventory of emergency sheltering supplies by 50%. The City seeks Foundation funding to purchase the necessary sheltering supplies to ensure that the

# SAN BRUNO

## Community Foundation

### Memorandum

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City is ready to provide shelter services to San Bruno residents in the event of a disaster.

The City's second grant proposal is to empower San Bruno police officers to better serve the community through participation in an established resiliency, compassion, and mindfulness training program. In an attempt to address the national narrative suggesting a tenuous relationship between police officers and the public they serve, the San Bruno Police Department has been investigating new and better ways to connect officers with the community. The Department recognizes that to strengthen its relationships with the community, it needs to make some fundamental and innovative changes in the way that officers see themselves and in the way that officers view the public. Doing so, however, requires training and programs that are not traditionally available to police officers and police departments generally lack the funding to support. The San Bruno Police Department has identified The Mindful Badge Initiative as a training program that would greatly benefit its officers. The program aims to transition police officers' perspective from the conventional warrior viewpoint to more of a guardian perspective, better connecting them to the citizens they serve, through an introduction of the practice of mindfulness and compassion.

Both the emergency sheltering project and the mindfulness and compassion training are two initiatives that could greatly enhance the effectiveness of San Bruno's first responders, but are not considered core departmental functions and the City lacks the funding to support them. In reviewing these grant applications, I immediately realized that together they identified a significant need in San Bruno – a need that the Foundation would be best equipped to address through a strategic initiative rather than through the Community Grants Fund. Such an initiative would address two strategic grantmaking priority areas (community-building and human and social services) as well as one other highly relevant focus area (community health and safety). In addition, the Community Grants Fund has a \$25,000 annual limit that one organization can receive in a particular year, which means the Foundation would not be able to fully fund the two projects (not to mention two other smaller Community Grant proposals the City submitted). As a strategic grant, funding for this initiative would not be subject to a \$25,000 cap, allowing the Foundation to explore other efforts – beyond the emergency sheltering project and the mindfulness and compassion training – that could enhance first responder effectiveness and would be worth consideration for funding.

Moreover, given San Bruno's history - particularly the devastating 2010 gas pipeline explosion in the Crestmoor neighborhood that led to the creation of the Foundation and the funds it manages – the San Bruno community knows first-hand the importance of its first responders, and what better way to honor the Crestmoor neighborhood and the roots of this Foundation than to develop a strategic initiative to bolster the effectiveness of the City's first responders, both in their daily interactions with the community and in the event of another serious disaster like the gas pipeline explosion. Recent events –

# SAN BRUNO

## Community Foundation

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including the fires that destroyed large swaths of Northern California and the hurricanes that wreaked havoc in Texas, Florida, Puerto Rico, U.S. Virgin Islands, and other parts of the southeastern United States – reinforce the need to support first responder effectiveness and make such a strategic initiative even more timely.

After discussions with President Nancy Kraus, I approached City Manager Connie Jackson about the idea for such an initiative, and she was enthusiastic about and appreciative of the possibility of the Foundation supporting the Police and Fire Departments with a strategic grant.

I recommend that the Board to adopt the attached resolution appointing an ad hoc committee to oversee the creation of a first responder effectiveness strategic initiative. This committee would work with the City Manager and the Fire and Police chiefs to develop a package of program enhancements, including but not limited to the emergency sheltering project and the mindfulness and compassion training, that would bolster the effectiveness of the City's first responders in a meaningful way but the City is unable to support through the General Fund. The committee would present the initiative to the Board and request strategic grant funding to support it. Under the resolution, Vice President Frank Hedley would chair the committee, and Secretary John McGlothlin and Treasurer Tim Ross would serve as committee members.

If the Board approves the resolution, the City would withdraw the two applications from the Community Grants Fund, decreasing the number of proposals competing for that pot of funding.

Because the Fire and Police Departments are hoping to move forward with both projects in early 2018, and because the City Manager recently announced her intention to retire in early 2018, I recommend that the committee aspire to complete its work on an expedited timeline, with the goal of returning to the Board with its proposal at the December 6 Board meeting.

#### Attachments:

1. Resolution Creating Ad Hoc Committee on First Responder Effectiveness Strategic Initiative

## **RESOLUTION NO. 2017-\_\_**

### **RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION CREATING AD HOC COMMITTEE ON FIRST RESPONDER EFFECTIVENESS STRATEGIC INITIATIVE**

**WHEREAS**, the San Bruno Community Foundation's Program Strategy Framework establishes strategic grantmaking as one of the Foundation's core program activities;

**WHEREAS**, the Board identified community-building and social and human services as strategic grantmaking priorities;

**WHEREAS**, the Board recognizes the history of the Foundation's creation, arising out of the devastating 2010 gas pipeline explosion in San Bruno's Crestmoor neighborhood and the restitution settlement that the City of San Bruno negotiated with Pacific Gas & Electric Company as a result of that tragedy;

**WHEREAS**, as a result of the 2010 tragedy in the Crestmoor neighborhood as well as recent disasters such as the fires in California's Wine Country and the hurricanes in the southern United States and the Caribbean, the San Bruno community understands the critical importance of ensuring that San Bruno's first responders are well prepared to handle a wide variety of disasters and situations that could affect the local community;

**WHEREAS**, the City's Police and Fire Departments have identified several projects, including establishing emergency shelter operations for San Bruno residents in the event of a disaster and to provide police officers with resiliency, compassion, and mindfulness training that will empower officers to better serve the San Bruno community, that would enhance the effectiveness of the City's first responders but that the departments are unable to fund under existing budgets; and

**WHEREAS**, the Board would like to honor the Foundation's origins and support efforts to increase the effectiveness of the City's first responders through a strategic initiative.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors creates an Ad Hoc Committee on First Responder Effectiveness Strategic Initiative to research and prepare a proposal for a strategic grantmaking initiative to bolster the effectiveness of San Bruno's Police and Fire Departments in serving the San Bruno community in creative and meaningful ways that extend beyond the departments' core functions and are not funded through the City's General Fund.

**RESOLVED FURTHER** that the Board of Directors appoints Frank Hedley as committee chair and John McGlothlin and Tim Ross as committee members.

Dated: November 1, 2017

ATTEST:

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John McGlothlin, Secretary

I, John McGlothlin, Secretary, do hereby certify that the foregoing Resolution No. 2017-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of November, 2017, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:



# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** October 27, 2017

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

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

At the November 1, 2017, Board meeting, Program Consultant Stephanie Rutgers and I will give an update on the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship, and the Music Education Strategic Initiative.

#### 1. Community Grants Fund

The Foundation received 36 applications for Community Grants by the September 27 deadline, which represented more than a 50% increase over the previous year. The applicants range from established nonprofits with professional staff to small, grassroots, all-volunteer community organizations. Ten of last year's Community Grants Fund grantees submitted new grant applications this cycle – seven are for the same project/program that was funded last year, and three are for different projects/programs. 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). Two applicant organizations withdrew an application from consideration, one because it found an alternative source of funding for the project and the other because the organization had not realized that the Foundation has a \$25,000 per organization per year limit on Community Grant funding and it had submitted two applications for \$25,000 grants.

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

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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:

- 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 6 Board meeting.

One final note on Community Grants: I want to thank Vice President Frank Hedley, who is scheduled to present a grant check to Social Good Fund, fiscal sponsor for the American Legion Post 409's building rehabilitation project, at the Post's pancake breakfast on Saturday, October 28, 2017. This grant was originally awarded as part of the 2016-2017 Community Grants Fund cycle

## **2. Crestmoor Neighborhood Memorial Scholarship**

The 2018 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 in January and February. The application deadline will be March 14, 2018.

This fall Ms. Rutgers has been in touch with the 2016 and 2017 Crestmoor Scholars and has posted on Facebook photos of some of the 2017 Crestmoor Scholars at their new colleges.

## **3. Music Education Strategic Initiative**

As you know, in May the Board approved strategic grants to the San Bruno Education Foundation and the Capuchino High School Alumni Association totaling \$495,000 to

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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, per the terms of the two grant agreements, the Foundation made the first year installments of the strategic grants to the San Bruno Education Foundation (SBEF) (\$201,618) and the Capuchino High School Alumni Association (CHSAA) (\$90,820). Implementation of the initiative is proceeding on schedule.

One important component of the initiative is the creation of a steering committee made up of representatives of various stakeholder groups. Bryan Vander Lugt of the San Bruno Education Foundation has taken the lead in coordinating the steering committee, which includes representatives of SBEF, CHSAA, Cap Music Boosters, Parkside Music Boosters, elementary school PTAs, and the music teachers at Capuchino High School and Parkside Intermediate School. I am representing the Foundation on the steering committee, which has met twice this fall. Using initiative funds, SBEF has hired a fundraising consultant to develop the strategy for a community-wide fundraising event to be held in the spring to support K-12 music education in San Bruno's public schools, and the steering committee is helping plan the event.

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**DATE:** October 27, 2017

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Election of Officers for 2018

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 agendaized to give Board members the opportunity to comment.

Pursuant to this item, the agenda for the Board's September 6, 2017, meeting included a discussion regarding the election of officers for 2018.

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

- President
- Vice President
- Secretary
- Treasurer

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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 2018 will take place at the Board's November 1, 2017, Regular Meeting. The City Council will consider approving the slate of elected officers for 2018 at its November 14, 2017, Regular Meeting.