

THE FRIENDS OF CHABOT COLLEGE
Board of Directors Meeting
Wednesday, September 2, 2020 • 2:00 p.m.
Zoom

MINUTES

1. Call to Order – Chair Mark Salinas

Chair Mark Salinas called the meeting to order at 2:05 P.M.

2. Roll Call – Vice Chair/Secretary Gacoscos

Members Present:

Ms. Yvonne Wu Craig
Ms. Melinda Matsuda
Chair Mark Salinas
Mr. Dale Wagoner
Mr. Obray Van Buren
Ms. Marita Cheng
Vice Chair/Secretary Pat Gacoscos
Dr. Susan Sperling
Ms. Sheryl Boykins

Members Absent:

Dr. Hal Gin

Recording Secretary:

Ms. Christine Herrera

3. Public Comments:

No public comments

4. Approval of Minutes from June 3 & August 12, 2020

- **June 3, 2020 Minutes** - Dale Wagoner moved to approve, Melinda Matsuda second, all approved
- **August 12, 2020 Minutes** - Dale Wagoner moved to approve, Melinda Matsuda second, one abstention, minutes approved.

5. President's Report

- No report

6. Executive Director's Report

- No report

7. Information Items

a) July 2019 Financial Statements

- Yvonne Wu Craig went over the July 2019 – June 2020 financial statement ending balance for the unrestricted and restricted funds.

- The net assets at the end of 6/30/20 were -\$31,393.17.
- This includes the FY20 HSI match which we will need to adjust if we want to end the year in the black for FY20.
- We will need to explore some options for this next year to end in the black: aggressively fundraise in order to restore the balance, borrow operating funds from the district foundation, invest some of the TRNA short-term so that we can earn some unrestricted income, and request a no-cost extension from the Dept. of Ed that will give us an additional year to meet the match. Due to COVID, it will be difficult to fundraise during this year so we have to be creative.

b) Audit Report Update (Jennifer Richards from Crowe)

- Jennifer Richards from the audit firm, Crowe, provided an update on the FY2019 audit report.
- There was an explanation of the terms for the HSI endowment.
- The terms of the HSI grant indicate that a portion of the grant is to be used for endowment purposes. Those funds must be matched with non-federal funds which is what Friends of Chabot had the intent to do with the board designated matching funds that were contributed these past several years.
- For example, in the fiscal year 2017 was the first year and you said to HSI you raised \$10,000 unrestricted funds from fundraising. You earned that \$10,000 based on the match, so HSI set aside \$10,000 as a board designated endowment.
- You have a maximum amount that HSI has agreed to grant you and it's contingent upon the foundation having that matched amount.
- The piece that was not captured previously was that you were setting those aside as a board designated endowment, which is an unrestricted net asset. The accounting guidance requires that money be moved into restricted net assets and it needs to be logged as permanently restricted.
- Therefore, in the draft 2019 audit report, you are showing about a \$12,000 negative amount in your unrestricted net assets.
- Yvonne Wu-Craig added that the July 2020 financials currently show that we matched the \$40,000 from the HSI grant which shows that we are currently in the red a negative \$32,000.
- The first decision is do we need to take back completely the \$40,000 committed last year and then moving forward, what do we want to do about our upcoming commitments? What strategies do we want to use for fundraising?
- If we decided to rescind our match amount in 2019, then we would end 2019 about \$8,000 - \$9,000 in the black. However, this does not solve the problem of the commitment we made for the \$40,000 last year and the \$30,000 for this year's commitment for our current HSI. This could potentially mean we would still need \$70,000 in matching funds for the next two fiscal years.
- Chair Mark Salinas asked what happened in the accounting that we are here in this situation?

- Yvonne Wu Craig explained there were a couple of different factors. Firstly, the work of the 2019 audit was done very late, well into the spring 2020, so by the time the problems were caught, the fiscal year had already ended. Financial reports were also not presented in a way where restricted and unrestricted net assets were more plainly shown, so in both of those years we already overspent without realizing.
 - Jennifer Richards added that while the bookkeeper is doing the monthly entries there wasn't a clear picture of what the actual fund balance was. You were being told you had \$300,000 in the bank but almost all of that was restricted so that is the real problem when you don't have the right picture and if you are not watching the restrictions very closely.
 - In 2019 is when it reached a tipping point when you went underwater on everything, it was the lack of visibility to what should have been restricted to what was available to you to match.
 - Yvonne Wu Craig mentioned that regardless of what decision is made we will need to aggressively fundraise; we need more unrestricted income. As mentioned, we are in COVID-19 so we are going to be limited by what we can generate this year.
 - We may also want to invest some of our temporarily restricted net assets in short-term, low-risk investments to earn some additional unrestricted revenue.
- The Board discussed several options and strategies for how to move forward. These options included
 - Ask the Department of Education for a no-cost extension on the HSI grant to give us one more additional year to fundraise the endowment match.
 - Explore the possibility of a loan from the District Foundation with a three to five-year term.
 - Suggestion to contact the major employers in the colleges service areas and reach out to them with a tailored letter.
 - Conduct a year-end mail appeal.
 - Organize a spring 2021 fundraiser and consider having two fundraisers per year moving forward.
 - Take a vote to draw back our commitment for the HSI and turn the negative into a positive
 - Jennifer Richards shared that from the standpoint of the 2020 audit, it will be done in a few weeks and presented at the next board meeting. If the Board was considering claiming the match for \$40,000 in 2020, it would be pretty simple to update in your footnotes as a subsequent event.

8. Discussion & Action Items

a) H Endowment Match Adjustment (AI)

- Motion: Chair Salinas made the motion to retract the \$40,000 to the HSI this fiscal year Seconded by Melinda Matsuda. MOTION PASSES.

- Concurrently, he emphasized that we will be pursuing the other options of asking the Department of Education for an extension, requesting a loan from the District Foundation, and to continue to raise money while identifying the key companies in our service area.

b) 2020-21 Friends of Chabot College Budget Adoption (AI)

This item was tabled until the next meeting due to time constraints.

c) Revision of Board Calendar (AI)

- The time of the November 4th Board meeting needs to be changed due to a time conflict. Pat Gacoscos made a motion to change the November 4th meeting from 12:00 – 2:00 p.m. to 1:30 – 3:30 p.m. Melinda Matsuda seconded the motion and the motion passed unanimously.

9. For the good of the order

- Yvonne shared that she is looking into a spring fundraising event thinking about something like a telethon type fundraiser, the Alumni group is actually brainstorming about this, showcase Chabot talent, promote local restaurants in our service area. Something in the spring maybe a Saturday or maybe better a Thursday afternoon, do a lunchtime event. Auction off Lunch with the President, Council Member, Police Chief etc. highest bidder is taking to lunch and their bid goes to the foundation. Get local restaurants to donate, have dinner or lunch delivered. Recommend March or April.
- Yvonne will send the Fall appeal letter to the board to review and to see what is being said to the community, sending after the election but before Thanksgiving.

10. Adjournment – 4:02 p.m.

Minutes prepared by Ms. Christine Herrera