



MPC

FOUNDATION

MONTEREY PENINSULA COLLEGE

Finance Committee Meeting Minutes August 3, 2023

Committee Members Present: Jeremy Green, Jason Griffin, Joyce Simon

Committee Members Absent: Steve Cardinalli, Joe Servi

Staff Present: Karen Kelly, Beccie Michael

1. Chair Jeremy Green called the meeting to order at 4:08 pm.
2. There were NO GUESTS and NO PUBLIC COMMENT
3. Approval of May 4, 2023 Minutes
 - Motion: Ms. Simon; second: Mr. Griffin
 - Ayes: Mr. Green; Nays: none
4. Review of 2023 Second Quarter Financial Statements

Chair Jeremy Green reviewed the *Profit and Loss Budget vs. Actual* and *Balance Sheet with Previous Year Comparison* statements for the quarter ended June 30, 2023:

 - MPC Foundation's overall revenue for the 6 months ending 6/30/23 was \$2,968,528--exceeding budget projections by ~\$2.2MM. This large positive variance is mostly attributable to:
 - An unanticipated \$910K pass-through grant from The Ralph Knox Foundation to Montage Health Foundation for the benefit of MPC nursing students, and
 - An unbudgeted gift from the estate of Phi Ho Nguyen to support the STEM endowment (\$300K) and scholarships (\$869K)
 - Overall expenses exceeded budget by ~\$908K, because of the unbudgeted Knox pass-through expense
 - Net ordinary income was \$1,398,850, exceeding budget by \$1,285,648.
 - MPCF's investment activity in Q1-2 2023 netted \$791K exceeding budget by \$466K
 - The Foundation's assets at the end of Q2 2023 stand at \$12,855,957, up 18.5% from 2022 Q2.
 - The Foundation is in an excellent cash position at Q2 2023, with adequate cash to cover our current liabilities.
 - Recommendation for Board Approval, 2023 Quarter 2 Financial Statements
 - Motion: Mr. Griffin; second: Ms. Simon
 - Ayes: Mr. Green Nays: none

5. Review and Discussion of MPCF Operating Reserves Policy

This policy was last updated in 2014, though the Finance Committee has reviewed it regularly in the intervening years.

The committee engaged in a robust discussion of the purpose of our Reserve Fund; how the fund should appear on MPCF's financial statements; and the current diversification of Fund assets among Money Market, Schwab short-term, and cash within our Schwab intermediate-term accounts. The committee recommended no changes to the written Operating Reserves Policy, but did recommend these changes to better implement the Policy:

- Clearly show the Operating Reserve on MPCF's Balance Sheet as a Current Asset
- Consolidate the Reserve Fund's cash into a single financial instrument such as the Schwab Short-term account or a new high-yield savings account.

6. Preliminary 2024 Budget Discussion

Ms. Michael provided an overview of the budget development process, timeline, and initial considerations for drafting the 2024 budget. Proposed budget will manifest the 2023-25 Strategic Plan's mandate to grow financially in a sustainable manner and to ensure employee compensation packages are competitive. Budget challenges include increasing operational costs and known reduction of some unrestricted Covid-era revenue sources. There are also opportunities to increase unrestricted revenues by seeking more grants that include professional service fees, and by implementing management fees on restricted gifts.

7. Mr. Green adjourned the meeting at 5:43 pm