

# Item 4 Attachments

This item included the following documents:

1. 2020 HCBF Budget Memo
2. HCBF 2020 Budget with Funding Need
3. HCBF Q3 Financial

# 1. 2020 HCBF Budget Memo



To: HCBF Board of Directors  
From: Meghan Reese, Executive Director  
Date: November 8, 2019  
Re: HCBF 2020 Annual Operations Budget

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#### **ITEM 4. APPROVAL OF 2020 HCBF OPERATING BUDGET**

**SUMMARY:** Staff presentation of the HCBF Operations Budget for the calendar year 2020 in the amount of **\$313,795**, including program delivery, occupancy, marketing and outreach, professional fees and other administrative costs, as detailed in the 2020 Draft Budget vs Actuals as of September 30, 2019.

As of 9/30/19, available cash in the administrative accounts equaled \$150,701.64 plus a pending transfer of \$31,089 for 2019 Allocated Expenses from AQMF, results in a subtotal of **\$181,790.64** in available funds through 9/30/19.

Funding required for the final 3 months of 2019 equals \$69,415.85 plus the 2020 annual budget of \$313,795 equals a funding need of **\$383,210.85**.

Available funds of \$181,790.64 minus funding requirements of \$383,210.85, minus a cushion of roughly 5% or \$21,545.79, results in a need of **\$222,966** to be submitted to the City of Los Angeles, Board of Harbor Commissioners.

#### **Recommendation the HCBF Board Resolve to:**

1. Approve and adopt the 2020 HCBF Operating Budget totaling **\$313,795**;
2. Authorize the HCBF Executive Director to carry forward anticipated unused funds, in the amount of \$150,701.64, from the 2019 operating budget to be combined with a transfer of \$31,089, approved in a separate board action.
3. **Authorize the HCBF Executive Director to**
  - a) Present the 2020 annual operating budget in the amount of \$313,795 to the Los Angeles Board of Harbor Commissioners (BOHC), **requesting concurrent approval of the transfer of \$222,966 from the PCMTF to HCBF to sufficiently fund the 2020 annual operating budget; and**
  - b) Execute a joint letter with the BOHC, or its designee, to authorize JP Morgan Private Bank to distribute funds in one lump sum transfer from the PCMTF to HCBF, in an amount not-to-exceed **\$222,966**, to sufficiently fund the administrative needs of its 2020 annual operating budget.

#### **REVIEW OF 2019 ANNUAL OPERATING EXPENSES THROUGH 9/30/2019**

“**Harbor Community Benefit Foundation, 2020 DRAFT Budget compared to 2019 Actuals (9mo + 3 month forecast)**” provides a comparison of the 2019 Board approved budget of **\$298,240** to actual expenditures for 9 months ending 9/30/2019 and 3 months forecasted in the amount of **\$238,500 as total forecasted expenditures for 2019**. A positive variance in the amount of **\$59,740** will be used as a **carry forward at year-end**, along with funds available in HCBF accounts.

## DISCUSSION, REVIEW, AND APPROVAL OF CALENDAR YEAR 2020 OPERATING BUDGET

### PROPOSED 2020 BUDGET REQUEST COMPARED TO 2019 EXPENDITURES:

The report titled “Harbor Community Benefit Foundation, 2020 DRAFT Budget compared to 2019 Actuals (9mo + 3 month forecast)” reviews the proposed 2020 Budget to 2019 expenditures, the yellow highlighted column contains the recommended **2020 Budget of \$313,795** compared to the **2019 Actuals (+3 months forecasted) of \$238,500**, a projected annual budget increase of \$75,295.

During 2019, HCBF temporarily scaled back its support staff, saving roughly \$42,795 in payroll expenses by year-end. The 2020 budget includes an **increase in Payroll Expenses** (\$67,481 compared to the 2019 expenses); in sync with an expected increase in program delivery, including the addition of one or two part-time staff member/interns.

#### Highlights:

- 6100 - Office Expenses: Insignificant increase
- 6105 - Rent/Occupancy: Insignificant change
- 6500 - Marketing/Outreach: to expand community outreach, promotion of programs, increased awareness of HCBF and Port of LA collaborations.
- 6900 - Professional Fees: Includes Consultant Fees, Accounting, Audit and Attorney Fees due to Brown Act. Insignificant change.
- 6960 - Travel & Conferences: Includes management travel and conference expenses

#### EXCLUSIONS TO THE ADMINSTRATIVE BUDGET:

All trust fund income and expenses are paid directly to and/or from the fund. Hence, there are no projections for investment income, or expenses, reflected in the HCBF operating budget. As stewards of the trust fund, HCBF closely monitors its performance, and reconciles all PCMTF activity in its internal financial statements. Grant funding is not reflected in the Operations Budget.

#### PCMTF STATUS REPORT: FUNDING SUMMARY OF PREVIOUSLY APPROVED PROJECTS

<b>PCMTF-funded Grants and Studies</b>	<b>FUNDED</b>
Off Port Impacts Study	301,496
Healthy Harbor Grants (5 rounds)	2,168,000
STEAM Pilot Program	300,000
Wilmington and San Pedro Noise Study	279,996
Community Benefit Grants (6 rounds)	3,278,206
<b>Total Grants and Studies through 9/30/19</b>	<b>6,327,698</b>
2019 Administrative Funding from PCMTF	<b>99,602</b>
PCMTF Account Balance as of 9/30/19	<b>1,886,356</b>

## 2. HCBF 2020 Budget with Funding Need

**HARBOR COMMUNITY BENEFIT FOUNDATION  
2020 BUDGET**

**FUNDING NEEDS AS OF 9/30/19**

**CASH ACCOUNT BALANCES**

**As of 09/30/2019**

**FUNDS AVAILABLE**

HCBF Operations Accounts

Operations (Account 1100) 7,243.44

Payroll (Account 1200) 36,953.70

Business Savings (Account 1300) 106,504.50

**Subtotal HCBF Funds 150,701.64**

AQMF Administration (Account 1800 ) as of 9/30/19 **143,802.21**

2019 Estimated Funding Due to HCBF from AQMF 31,089.00

**2019 Estimated Remaining AQMF Administration Funds as of 9/30 31,089.00 112,713.21**

**ESTIMATED TOTAL FUNDS AVAILABLE 181,790.64**

**FUNDS NEEDED**

2019 Operations Estimate for 4th quarter 69,415.85

2020 HCBF DRAFT Budget 313,795.00

**Total HCBF Funds Needed thru 2020 383,210.85**

Shortfall (Est. Funds Available minus Total HCBF Funds Needed) **-201,420.21**

Cushion @ roughly 5% of HCBF Total Funds Needed 21,545.79

**Recommended Funding Request from PCMTF 222,966.00**

Excluded Accounts:

1400 Land Use

1500 Noise

1700 Grants

1901 NONE PCMTF - Unrestricted

1902 PMTF

Revised 11/1/2019

### 3. HCBF Q3 Financials



# Financial Statements

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Internal Management Report  
For the period ended September 30, 2019

Prepared by  
**RMG, LLC**

Prepared on  
**November 5, 2019**



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# Balance Sheet

As of September 30, 2019

	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
0000 Operations Accts	
1100 Operations - 8161	7,243.44
1200 Payroll - 8160	36,953.70
1300 Business Savings - 8163	106,504.50
<b>Total 0000 Operations Accts</b>	<b>150,701.64</b>
1350 Unrestricted chkg - 5638	25,676.42
1399 Projects and Programs	
1400 Land Use - 5609	10,734.65
1500 Noise - 5612	10,273.92
1600 Health Care Grants - 3834	100.00
1700 Other Grants 9197	100.00
1800 AQMF Checking Account - 2329	143,802.21
<b>Total 1399 Projects and Programs</b>	<b>165,010.78</b>
1900.00 Trust Accounts	
1902 PMTF	
1902.01 JPM 2001	1,884,870.25
1902.02 JPM BUS SAVINGS	1,486.13
<b>Total 1902 PMTF</b>	<b>1,886,356.38</b>
1920 AQMF - CCF Account V391	5,154,833.36
<b>Total 1900.00 Trust Accounts</b>	<b>7,041,189.74</b>
<b>Total Bank Accounts</b>	<b>7,382,578.58</b>
<b>Other Current Assets</b>	
1999 Deposits and Prepays	
1950 Prepaid Expenses	2,472.26
1960 Deposits	1,200.00
<b>Total 1999 Deposits and Prepays</b>	<b>3,672.26</b>
<b>Total Other Current Assets</b>	<b>3,672.26</b>
<b>Total Current Assets</b>	<b>7,386,250.84</b>
<b>TOTAL ASSETS</b>	<b>\$7,386,250.84</b>

## LIABILITIES AND EQUITY

### Liabilities

#### Current Liabilities

##### Other Current Liabilities

2100 Payroll Liabilities	
2101 Accrued Payroll	462.00
2102 CA PIT / SDI	-86.70
2103 CA SUI / ETT	218.71

	<b>Total</b>
2105 Federal Taxes (941/944)	-1,351.11
2111 401k Safe Harbor	-700.46
2134 CO Income Tax	900.00
Ubiquity 401k Safe Harbor	510.76
<b>Total 2100 Payroll Liabilities</b>	<b>-46.80</b>
<b>Total Other Current Liabilities</b>	<b>-46.80</b>
<b>Total Current Liabilities</b>	<b>-46.80</b>
<b>Long-Term Liabilities</b>	
2900 PMTF - Uncommitted Funds	1,734,945.31
2900.1 PMTF - Inv. Mgmt. Fees	-25.00
2900.2 PMTF - Dividends & Interest	37,836.48
2900.3 PMTF - Market Value Change	9,967.38
<b>Total 2900 PMTF - Uncommitted Funds</b>	<b>1,782,724.17</b>
2999 AQMF - Uncommitted Funds	4,976,944.00
2999.1 AQMF - Inv. Mgmt. Fees	-18,388.87
2999.2 AQMF - Dividends & Interest	101,552.56
2999.3 AQMF - Market Value Change	-3,506.34
<b>Total 2999 AQMF - Uncommitted Funds</b>	<b>5,056,601.35</b>
<b>Total Long-Term Liabilities</b>	<b>6,839,325.52</b>
<b>Total Liabilities</b>	<b>6,839,278.72</b>
<b>Equity</b>	
3000 Unrestricted Net Assets	656,923.60
3001 Transfers To/From Unrestricted Net Assets	-184,720.65
3700 Temporarily Restricted Net Assets	
3701 TRNA - Land Use Study	10,734.65
3702 TRNA - Noise Mitigation	100.00
3726 TRNA - HCBF AQMF Administration	143,802.21
<b>Total 3700 Temporarily Restricted Net Assets</b>	<b>154,636.86</b>
Net Income	-79,867.69
<b>Total Equity</b>	<b>546,972.12</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$7,386,250.84</b>

# Profit and Loss - One Month (current)

September 2019

	<b>Total</b>
<b>INCOME</b>	
4300 Net Assets Released from Restriction	1,740.00
4400 Encumbered Funds	
4402 Satisfaction of Use Restriction	-1,740.00
<b>Total 4400 Encumbered Funds</b>	<b>-1,740.00</b>
4950 Interest and Dividends	3.05
<b>Total Income</b>	<b>3.05</b>
<b>GROSS PROFIT</b>	<b>3.05</b>
<b>EXPENSES</b>	
6000 Functional Expenses	
6100 Office Expenses	
6102 TeleCommunications and Internet	213.74
6103 Software & Fees	155.00
6104 Supplies	371.72
<b>Total 6100 Office Expenses</b>	<b>740.46</b>
6105 Rent	1,041.06
6300 Insurance	374.33
6800 Payroll Expenses	
6801 Taxes	976.84
6802 Wages	12,769.22
6803 Work Comp & Employee Benefits	276.42
Company Contributions	
6807 Retirement - Company Match	510.76
<b>Total Company Contributions</b>	<b>510.76</b>
<b>Total 6800 Payroll Expenses</b>	<b>14,533.24</b>
6900 Professional Fees	
6901 Accounting & Audit	1,025.00
6903 Legal Fees	25.00
<b>Total 6900 Professional Fees</b>	<b>1,050.00</b>
<b>Total 6000 Functional Expenses</b>	<b>17,739.09</b>
8000 Air Quality Program	
8005 AQ Consultants	1,740.00
<b>Total 8000 Air Quality Program</b>	<b>1,740.00</b>
<b>Total Expenses</b>	<b>19,479.09</b>
<b>NET OPERATING INCOME</b>	<b>-19,476.04</b>
<b>NET INCOME</b>	<b>\$ -19,476.04</b>

# Quarterly Profit and Loss Summary YTD

January - September, 2019

	Jan - Mar, 2019	Apr - Jun, 2019	Jul - Sep, 2019	Total
<b>INCOME</b>				
4300 Net Assets Released from Restriction	40,461.79	111,201.84	18,444.00	170,107.63
4400 Encumbered Funds				0.00
4401.5 PMTF Restricted Contrib. for HCBF Ops.		99,601.84		99,601.84
4401.6 AQMF Restricted Contrib. for HCBF Admin. Fee		30,083.79		30,083.79
4402 Satisfaction of Use Restriction	-40,461.79	-111,201.84	-18,444.00	-170,107.63
<b>Total 4400 Encumbered Funds</b>	<b>-40,461.79</b>	<b>18,483.79</b>	<b>-18,444.00</b>	<b>-40,422.00</b>
4950 Interest and Dividends	11.31	23.34	10.48	45.13
<b>Total Income</b>	<b>11.31</b>	<b>129,708.97</b>	<b>10.48</b>	<b>129,730.76</b>
<b>GROSS PROFIT</b>	<b>11.31</b>	<b>129,708.97</b>	<b>10.48</b>	<b>129,730.76</b>
<b>EXPENSES</b>				
6000 Functional Expenses				0.00
6100 Office Expenses				0.00
6102 TeleCommunications and Internet	468.68	1,039.30	700.23	2,208.21
6103 Software & Fees	404.00	399.00	1,125.38	1,928.38
6104 Supplies	229.63	107.02	411.11	747.76
<b>Total 6100 Office Expenses</b>	<b>1,102.31</b>	<b>1,545.32</b>	<b>2,236.72</b>	<b>4,884.35</b>
6105 Rent	3,921.55	1,961.13	4,138.36	10,021.04
6200 Dues & Subscriptions	2,400.00			2,400.00
6300 Insurance	1,017.99	1,067.99	1,052.99	3,138.97
6600 Meetings and Meals		140.68	136.60	277.28
6800 Payroll Expenses				0.00
6801 Taxes	2,514.63	2,481.69	2,608.24	7,604.56
6802 Wages	26,910.45	32,636.16	34,094.75	93,641.36
6803 Work Comp & Employee Benefits	813.59	1,204.26	-537.74	1,480.11
Company Contributions				0.00
6807 Retirement - Company Match	797.53	1,033.83	1,209.21	3,040.57
<b>Total Company Contributions</b>	<b>797.53</b>	<b>1,033.83</b>	<b>1,209.21</b>	<b>3,040.57</b>

	Jan - Mar, 2019	Apr - Jun, 2019	Jul - Sep, 2019	Total
<b>Total 6800 Payroll Expenses</b>	<b>31,036.20</b>	<b>37,355.94</b>	<b>37,374.46</b>	<b>105,766.60</b>
6804 Staff Development			1,000.00	1,000.00
6900 Professional Fees				0.00
6901 Accounting & Audit	15,700.00	4,045.00	6,172.03	25,917.03
6902 Consultants	1,725.00			1,725.00
6903 Legal Fees	5,550.00	4,275.00	-573.75	9,251.25
<b>Total 6900 Professional Fees</b>	<b>22,975.00</b>	<b>8,320.00</b>	<b>5,598.28</b>	<b>36,893.28</b>
6950 Taxes & Licenses		20.00		20.00
6960 Travel & Conferences	1,734.92	2,951.47	88.54	4,774.93
<b>Total 6000 Functional Expenses</b>	<b>64,187.97</b>	<b>53,362.53</b>	<b>51,625.95</b>	<b>169,176.45</b>
6701 Reimbursements	1,887.89	-1,887.89	0.00	0.00
8000 Air Quality Program				0.00
8005 AQ Consultants	10,378.00	11,600.00	18,444.00	40,422.00
<b>Total 8000 Air Quality Program</b>	<b>10,378.00</b>	<b>11,600.00</b>	<b>18,444.00</b>	<b>40,422.00</b>
<b>Total Expenses</b>	<b>76,453.86</b>	<b>63,074.64</b>	<b>70,069.95</b>	<b>209,598.45</b>
<b>NET OPERATING INCOME</b>	<b>-76,442.55</b>	<b>66,634.33</b>	<b>-70,059.47</b>	<b>-79,867.69</b>
<b>NET INCOME</b>	<b>\$ -76,442.55</b>	<b>\$66,634.33</b>	<b>\$ -70,059.47</b>	<b>\$ -79,867.69</b>

# Mgmt Reports:2019 Budget vs. Actuals YTD

January - September, 2019

	Actual	Budget	Total Remaining
<b>INCOME</b>			
4201 Carryforward (DON'T USE)		168,554	168,554
4300 Net Assets Released from Restriction	170,108		-170,108
4400 Encumbered Funds			
4401.5 PMTF Restricted Contrib. for HCBF Ops.	99,602	99,602	0
4401.6 AQMF Restricted Contrib. for HCBF Admin. Fee	30,084	30,084	0
4402 Satisfaction of Use Restriction	-170,108		170,108
<b>Total 4400 Encumbered Funds</b>	<b>-40,422</b>	<b>129,686</b>	<b>170,108</b>
4950 Interest and Dividends	45		-45
<b>Total Income</b>	<b>129,731</b>	<b>298,240</b>	<b>168,509</b>
<b>GROSS PROFIT</b>	<b>129,731</b>	<b>298,240</b>	<b>168,509</b>
<b>EXPENSES</b>			
6000 Functional Expenses			
6100 Office Expenses			
6102 TeleCommunications and Internet	2,208	2,042	-166
6103 Software & Fees	1,928	1,691	-237
6104 Supplies	748	2,205	1,457
6107 Postage and Delivery		132	132
6108 Printing		2,038	2,038
<b>Total 6100 Office Expenses</b>	<b>4,884</b>	<b>8,108</b>	<b>3,224</b>
6105 Rent	10,021	10,500	479
6200 Dues & Subscriptions	2,400	2,400	0
6300 Insurance	3,139	3,000	-139
6500 Marketing / Outreach		5,625	5,625
6600 Meetings and Meals	277	750	473
6800 Payroll Expenses			
6801 Taxes	7,605	10,897	3,292
6802 Wages	93,641	128,250	34,609
6803 Work Comp & Employee Benefits	1,480	5,295	3,815
Company Contributions			
6807 Retirement - Company Match	3,041	5,130	2,089
<b>Total Company Contributions</b>	<b>3,041</b>	<b>5,130</b>	<b>2,089</b>
<b>Total 6800 Payroll Expenses</b>	<b>105,767</b>	<b>149,572</b>	<b>43,805</b>
6804 Staff Development	1,000	1,875	875
6900 Professional Fees			
6901 Accounting & Audit	25,917	24,000	-1,917
6902 Consultants	1,725	6,375	4,650
6903 Legal Fees	9,251	12,375	3,124
<b>Total 6900 Professional Fees</b>	<b>36,893</b>	<b>42,750</b>	<b>5,857</b>

			<b>Total</b>
	<b>Actual</b>	<b>Budget</b>	<b>Remaining</b>
6950 Taxes & Licenses	20	375	355
6960 Travel & Conferences	4,775	2,250	-2,525
<b>Total 6000 Functional Expenses</b>	<b>169,176</b>	<b>227,205</b>	<b>58,029</b>
8000 Air Quality Program			
8005 AQ Consultants	40,422		-40,422
<b>Total 8000 Air Quality Program</b>	<b>40,422</b>		<b>-40,422</b>
<b>Total Expenses</b>	<b>209,598</b>	<b>227,205</b>	<b>17,607</b>
NET OPERATING INCOME	<b>-79,868</b>	<b>71,035</b>	<b>150,903</b>
NET INCOME	<b>\$ -79,868</b>	<b>\$71,035</b>	<b>\$150,903</b>



# Mgmt Reports:Statement of Cash Flows

September 2019

	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	-19,476
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1950 Deposits and Prepaids:Prepaid Expenses	501
2102 Payroll Liabilities:CA PIT / SDI	-87
2105 Payroll Liabilities:Federal Taxes (941/944)	-1,380
2111 Payroll Liabilities:401k Safe Harbor	-1,022
2134 Payroll Liabilities:CO Income Tax	300
Payroll Liabilities:Ubiquity 401k Safe Harbor	511
<b>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	<b>-1,176</b>
<b>Net cash provided by operating activities</b>	<b>-20,653</b>
<b>FINANCING ACTIVITIES</b>	
2900.2 PMTF - Uncommitted Funds:PMTF - Dividends & Interest	3,926
2999.1 AQMF - Uncommitted Funds:AQMF - Inv. Mgmt. Fees	-1,483
2999.2 AQMF - Uncommitted Funds:AQMF - Dividends & Interest	10,661
2999.3 AQMF - Uncommitted Funds:AQMF - Market Value Change	-1,971
3001 Transfers To/From Unrestricted Net Assets	1,740
3726 Temporarily Restricted Net Assets:TRNA - HCBF AQMF Administration	-1,740
<b>Net cash provided by financing activities</b>	<b>11,134</b>
<b>NET CASH INCREASE FOR PERIOD</b>	<b>-9,519</b>
Cash at beginning of period	7,392,098
<b>CASH AT END OF PERIOD</b>	<b>\$7,382,579</b>

# Notes to the Financial Statements

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## **BUDGET VARIANCES:**

6105 Rent and Utilities - Decreased annual occupancy costs, smaller office. Utilities (pass through) subject to fluctuation.

6800 Payroll Expenses - Forecasted 2.5 FTE. Staff approved in July = 2 FTE

6903 Legal Fees in 3<sup>rd</sup> Quarter includes refund from Retainer paid to Colorado attorney.

6960 Travel and Conferences - includes Chicago Convening conference.

## **BALANCE SHEET:**

Payroll Liabilities 2111 401k Safe Harbor – previously reported as two accounts, remittances and accruals, merged to single line item as of August 31, 2019.

## **DISCLOSURE: RECONCILED STATEMENTS**

Summary statement of activity from California Community Foundation for AQMF trust funds, one account, received approximately 30 days after month end.

**Updated Management Report reflects reconciled data through September 30, 2019.**

JP Morgan Chase two (2) investment trust accounts and Bank of America nine (9) separate accounts, all provide real-time data, online. Total of 11 accounts are reconciled as of Financial Report period ending date.