



To: HCBF Board of Directors  
From: Meghan Reese, Executive Director  
Date: October 23, 2020  
Re: HCBF 2020 / 2021 Annual Operations Budget - Review and Approval

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### ITEM 3. APPROVAL OF 2021 HCBF OPERATING BUDGET

**SUMMARY:** Staff presentation of the HCBF Operations Budget for the calendar year 2021 in the amount of **\$291,471**, including program delivery, occupancy, marketing and outreach, professional fees and other administrative costs, as detailed in the 2021 Draft Budget vs. Actuals as of September 30, 2020.

The approved annual Budget for 2020 was \$313,795. Based on actual spending through 9/30/20 of \$211,098 plus 3 months forecast of \$74,202 for a total of \$285,300. This results in an estimated administrative accounts carryforward savings for the year ending December 31, 2020 equal to \$28,495 [313,795 minus \$285,300 = 28,495].

Savings of \$28,495 plus a simultaneous request to transfer of \$30,845 for 2020 Allocated Expenses from AQMF, results in an administrative need of **\$232,491 to** fully fund the 2021 Operations budget (\$28,495 + 30,845 + 232,491 = 291,471) to be submitted to the City of Los Angeles, Board of Harbor Commissioners.

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

1. Approve and adopt the 2021 HCBF Operating Budget totaling **\$291,471**;
2. Authorize the HCBF Executive Director to carry forward anticipated unused funds, in the amount of \$28,495, from the 2020 operating budget to be combined with a transfer of \$30,845 from the AQMF Administrative Funds on hand, as approved in a separate board action.
3. **Authorize the HCBF Executive Director to**
  - a) Present the 2021 annual operating budget in the amount of \$291,471 to the Los Angeles Board of Harbor Commissioners (BOHC), **requesting concurrent approval of the transfer of \$232,491 from the PCMTF to HCBF to sufficiently fund the 2021 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 **\$232,491**, to sufficiently fund the administrative needs of its 2020 annual operating budget.

### DISCUSSION, REVIEW, AND APPROVAL OF CALENDAR YEAR 2020 and 2021 OPERATING BUDGET

Attached are the following three reports:

1. Budget Overview: 2021 DRAFT HCBF Budget - FOR DISCUSSION PURPOSES
2. 2020 Budget vs. 9 mo. Actuals with 3 mo. Forecast (2 pages)
3. Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2020

#### **Budget Overview: 2021 DRAFT HCBF Budget - FOR DISCUSSION PURPOSES**

The 2021 Quarterly Budget closely mirrors expenses incurred in 2020. The proposed total is \$291,471, compared to \$285,300 in 2020, an increase of \$6,171, or 2.16%. The insignificant increase is found in payroll expenses in the form of a small annual increase for support staff. No increase in salary is recommended for management.

## 2020 Budget vs. 9 mo. Actuals with 3-month Forecast (2 pages)

The approved budget in 2020 was **\$313,795**. Actual Expenses through 9/30/2020 equaled \$211,098, forecast expenses for Q4 equals \$74,202, for an **adjusted total of \$285,300**, a savings of **\$28,495**.

During 2020, in response to the pandemic, the HCBF Board elected **not** to meet in person, relying instead upon technology to meet virtually. Pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020 “no physical location will be accessible for public meeting or public comments.” As a consequence, COVID-19 driven actions achieved unexpected savings of \$28,495 in legal fees, travel expenses, and payroll expenses by year-end.

### Functional Expense Highlights:

For the year ending 12/31/2020 a savings of \$28,495 is anticipated, including but not limited to the following:

6100 - Office Expenses: savings \$2,461

6105 - Rent/Occupancy: on target, includes utilities

6200 - Dues & Subscriptions: savings \$2,126, did not renew SoCal Grantmakers membership

6500 - Marketing/Outreach: savings \$2,545, Promotions delayed due to COVID-19

6804 - Staff Development: savings \$1,580, Did not use due to COVID-19

6900 - Professional Fees: savings \$10,203, due to COVID-19, unable to gather in public, program delays reduced legal fees. significant change.

6960 - Travel & Conferences: savings \$6,338 Includes cancelled management travel and conference expenses

### Exclusions to The Administrative 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. Worthy of note, in 2020, HCBF released a total of \$20,500 in Discretionary Funds in the form of the Harbor Community COVID-19 Relief Fund for the benefit of the communities of San Pedro and Wilmington for pandemic related needs. Recipients included six local nonprofit organizations. HCBF discretionary funds are not associated with the Port Community Mitigation Trust Fund (PCMTF), and proposed projects were not required to relate to port impacts or mitigation.

### Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2020

The following table provides the account balance, through 9/30/2020, based on reconciled, unaudited, statements.

<b>JP Morgan - PCMTF Account Balance Summary</b>	
Beginning Balance (as of 12/31/19)	1,899,771
Contributions	
Withdrawals	(222,966)
Management Fees	0
Interest & Dividends Reinvested	18,640
Change in Investment Value	2,385
Net Increase (ex. Withdrawals)	21,025
<b>Ending Market Value (as of 9/30) unaudited</b>	<b>1,697,830</b>

The following table provides a summary of Grants and Studies funded since the trust fund was established. Pending Grants and HCBF Admin Needs for 2021 (this request) are included. The Subtotal as of 12/31/20 **does not include** a forecast of 4<sup>th</sup> quarter dividends, interest, loss/gain.

<b>PCMTF-funded Grants and Studies</b>	<b>STUDIES</b>	<b>GRANTS</b>	<b>TOTALS</b>
Off Port Impacts Study	300,000		
Healthy Harbor Grants (5 rounds)		2,168,000	
STEAM Pilot Program		300,000	
Wilmington and San Pedro Noise Study	290,270		
Community Benefit Grants (6 rounds)		3,278,206	
<b>Total Grants and Studies through 9/30/20</b>	<b>590,270</b>	<b>5,746,206</b>	<b>6,336,476</b>
PCMTF Account Balance as of 9/30/20			1,697,830
PENDING GRANT (CB7)		209,169	(209,169)
HCBF Admin Needs for 2021			(232,491)
<b>Subtotal thru 12/31/20</b>	<b>590,270</b>	<b>5,955,375</b>	<b>1,256,170</b>

# Harbor Community Benefit Foundation

## Budget Overview: 2021 DRAFT HCBF Budget - FOR DISCUSSION PURPOSES

Quarterly Budget Revised 10/17/2020

	Q1	Q2	Q3	Q4	Annual	
<b>INCOME</b>						
<b>4400 Encumbered Funds</b>						
4401.5 PMTF Released for HCBF Ops.	232,491.00	0.00	0.00	0.00	232,491.00	Add 5,180
4401.6 AQMF Released for HCBF Admin	30,485.00	0.00	0.00	0.00	30,485.00	
<b>Total 4400 Encumbered Funds</b>	<b>\$ 262,976.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 262,976.00</b>	
<b>SubTotal Income</b>	<b>\$ 262,976.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 262,976.00</b>	
<b>Carryforward from prior year Savings</b>	28,495.00	0.00	0.00	0.00	28,495.00	
<b>TOTAL INCOME including Carryforward</b>	<b>\$ 291,471.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 291,471.00</b>	
<b>EXPENSES</b>						
<b>6100 Office Expenses</b>						
6102 TeleCommunications and Internet	660.00	660.00	660.00	660.00	2,640.00	Phones and Internet
6103 Software & Fees	450.00	450.00	800.00	450.00	2,150.00	inc. Go Daddy
6104 Supplies	60.00	60.00	60.00	60.00	240.00	
<b>Total 6100 Office Expenses</b>	<b>\$ 1,170.00</b>	<b>\$ 1,170.00</b>	<b>\$ 1,520.00</b>	<b>\$ 1,170.00</b>	<b>\$ 5,030.00</b>	
<b>6105 Rent</b>	3,075.00	3,075.00	3,075.00	3,102.00	12,327.00	894.94 + 130 avg utilities, base \$921.79 12/2021
<b>6200 Dues &amp; Subscriptions</b>	0.00	0.00	324.50	175.50	500.00	
<b>6300 Insurance</b>	1,025.01	1,025.01	1,148.71	1,210.27	4,409.00	E & O / Comm Liability
<b>6500 Marketing / Outreach</b>	275.00	330.00	350.00	165.00	1,120.00	Submittable, Zoom
<b>6600 Meetings and Meals</b>	0.00	100.00	0.00	0.00	100.00	Annual Mtg May
<b>6800 Payroll Expenses</b>						
6801 Taxes	4,008.98	3,449.94	4,008.98	4,008.98	15,476.89	
6802 Wages	52,404.83	45,097.14	52,404.83	54,204.83	204,111.63	Interns 600 *3 plus raise (Add 5,000 Salary)
6803 Work Comp & Employee Benefits	737.01	737.01	737.01	868.08	3,079.11	
6807 Retirement - Company Match	2,046.17	1,753.86	2,046.17	2,046.17	7,892.37	
<b>Total 6800 Payroll Expenses</b>	<b>\$ 59,196.99</b>	<b>\$ 51,037.95</b>	<b>\$ 59,196.99</b>	<b>\$ 61,128.06</b>	<b>\$ 230,560.00</b>	
<b>6900 Professional Fees</b>						
6901 Accounting & Audit	17,250.00	5,500.00	1,500.00	1,500.00	25,750.00	Audit in Q1, complete in Q2
6902 Consultants	900.00	900.00	900.00	900.00	3,600.00	
6903 Legal Fees	1,500.00	1,500.00	1,500.00	1,500.00	6,000.00	Brown Act required
<b>Total 6900 Professional Fees</b>	<b>\$ 19,650.00</b>	<b>\$ 7,900.00</b>	<b>\$ 3,900.00</b>	<b>\$ 3,900.00</b>	<b>\$ 35,350.00</b>	
<b>6950 Taxes &amp; Licenses</b>	0.00	75.00	0.00	0.00	75.00	
<b>6960 Travel &amp; Conferences</b>	1,000.00	1,000.00	0.00	0.00	2,000.00	Audit in Q1, Annual Mtg Q2
<b>Total 6000 Functional Expenses</b>	<b>\$ 85,392.00</b>	<b>\$ 65,712.96</b>	<b>\$ 69,515.20</b>	<b>\$ 70,850.83</b>	<b>\$ 291,471.00</b>	
<b>Net Operating Income</b>	<b>\$ 206,078.99</b>	<b>-\$ 65,712.96</b>	<b>-\$ 69,515.20</b>	<b>-\$ 70,850.83</b>	<b>\$ 0.00</b>	

**Harbor Community Benefit Foundation**  
**2020 Budget vs. 9 mo. Actuals with 3 mo Forecast**  
 January - December 2020

	Q1 Actual (Jan - Mar)	Q2 Actual (Apr - June)	Q3 Actual (July - Sept)	9 months Actual	Q4 Forecast	ANNUAL TOTAL with Q4 Forecast	2020 Approved Budget	2020 Variance from Budget	Notes
<b>INCOME</b>									
<b>4400 Encumbered Funds</b>									
4401.5 PMTF Released for HCBF Ops.	222,966			222,966		222,966	222,966	0	
4401.6 AQMF Released for HCBF Admin	31,089			31,089		31,089	31,089	0	
Total 4400 Encumbered Funds	<b>254,055</b>	<b>0</b>	<b>0</b>	254,055		254,055	<b>254,055</b>	0	
<b>Total Income</b>	<b>254,055</b>	<b>0</b>	<b>0</b>	<b>254,055</b>		<b>254,055</b>	<b>254,055</b>	0	
<b>Carryforward from Savings</b>					<b>31,245</b>	<b>31,245</b>	<b>59,740</b>	<b>(28,495)</b>	Savings
<b>TOTAL Operations Income, inc Carryforward</b>	<b>254,055</b>	<b>0</b>	<b>0</b>	<b>254,055</b>	<b>31,245</b>	<b>285,300</b>	<b>313,795</b>	<b>(28,495)</b>	
<b>EXPENSES</b>									
5999 Unrestricted Grants Disbursed									
<b>5999.1 COVID-19 Grants</b>		20,500	0	20,500	0	20,500	0		<b>Funded by Donations</b>
<b>Total Unrestricted Grants Disbursed</b>	<b>0</b>	<b>20,500</b>	<b>0</b>	<b>20,500</b>	<b>0</b>	<b>20,500</b>	<b>0</b>	20,500	NEW Program
<b>6000 Functional Expenses</b>									
<b>6100 Office Expenses</b>									
6102 TeleComm and Internet	763	587	697	2,047	682	2,730	3,330	(600)	Phones and Internet
6103 Software & Fees	486	429	789	1,704	568	2,272	2,700	(428)	inc. Go Daddy
6104 Supplies	38	93	33	164	55	218	1,050	(832)	
6107 Postage and Delivery				0	0	0	100	(100)	Did not use
6108 Printing				0	0	0	500	(500)	Did not use
<b>Total 6100 Office Expenses</b>	<b>1,286</b>	<b>1,110</b>	<b>1,519</b>	<b>3,915</b>	<b>1,305</b>	<b>5,219</b>	<b>7,680</b>	<b>(2,461)</b>	
<b>6105 Rent</b>	3,040	2,987	3,127	9,155	3,142	12,297	12,400	(103)	Includes utilities
<b>6200 Dues &amp; Subscriptions</b>			325	325	179	504	2,630	(2,126)	Did not renew Cal Grant Makers
<b>6300 Insurance</b>	1,025	1,025	1,149	3,199	1,149	4,347	4,390	(43)	E & O / Comm Liability
<b>6500 Marketing / Outreach</b>	277	329	350	955	500	1,455	4,000	(2,545)	Submittable, Zoom

	Q1 Actual (Jan - Mar)	Q2 Actual (Apr - June)	Q3 Actual (July - Sept)	9 months Actual	Q4 Forecast	ANNUAL TOTAL with Q4 Forecast	2020 Approved Budget	2020 Variance from Budget	Notes
<b>6600 Meetings and Meals</b>	133			133	0	133	500	(367)	
<b>6800 Payroll Expenses</b>									
6801 Taxes	3,829	3,354	3,913	11,097	5,713	16,810	15,840		
6802 Wages	46,038	43,846	51,154	141,038	52,954	193,992	198,000		interns 600 * 3 in Q4.
6803 Work Comp & Benefits	898	737	737	2,372	737	3,109	2,475		
6807 Retirement - Company Match	2,020	1,754	2,046	5,820	2,046	7,867	7,800		
<b>Total 6800 Payroll Expenses</b>	<b>52,787</b>	<b>49,691</b>	<b>57,850</b>	<b>160,328</b>	<b>61,450</b>	<b>221,778</b>	<b>224,115</b>	<b>(2,337)</b>	
<b>6804 Staff Development</b>				0	0	0	1,580	(1,580)	Did not use
<b>6900 Professional Fees</b>									
6901 Accounting & Audit	18,010	6,225	1,500	25,735	2,000	27,735	29,000	(1,265)	Audit required by Port
6902 Consultants	488	300	650	1,438	2,500	3,938	4,400	(463)	
6903 Legal Fees	1,675	900	1,600	4,175	1,950	6,125	14,600	(8,475)	Brown Act requirement
<b>Total 6900 Professional Fees</b>	<b>20,173</b>	<b>7,425</b>	<b>3,750</b>	<b>31,348</b>	<b>6,450</b>	<b>37,798</b>	<b>48,000</b>	<b>(10,203)</b>	
<b>6950 Taxes &amp; Licenses</b>		80		80	27	107	500	(393)	
<b>6960 Travel &amp; Conferences</b>	1,662			1,662	0	1,662	8,000	(6,338)	COVID-19 restrictions
<b>Total 6000 Functional Expenses</b>	<b>80,382</b>	<b>62,647</b>	<b>68,069</b>	<b>211,098</b>	<b>74,202</b>	<b>285,300</b>	<b>313,795</b>	<b>(28,495)</b>	Savings to be used 2021

# HARBOR COMMUNITY BENEFIT FOUNDATION (HCBF)

## Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2020

Port Community Mitigation Trust Fund (PCMTF), managed by JP Morgan Chase	Grants	HCBF Operations	Loss/Gain	Fees	Balance
<b>PCMTF Balance as of 12/31/2019 - Audited</b>					1,899,771.00
Admin Needs for HCBF Operations 2020 (funded Q1 2020)		(222,966.00)			
Management Fees pd to JP Morgan thru 9/30				0	
Accrued Dividends and Interest 1/1/2020 through 09/30/20			18,640.00		
Market Value Change 1/1/2020 through 09/30/20			2,385.00		
<b>SUBTOTALS POSTED ACTIVITY</b>	-	(222,966.00)	21,025.00	-	(201,941.00)
<b>PCMTF Balance as of 09/30/2020, reconciled, unaudited</b>					<b>1,697,830.00</b>
2020 Grants / Pending / Approved by HCBF Board (CB7)	(209,169.00)				
Admin Needs from PCMTF for HCBF Operations 2021		(232,491.00)			
<b>SUBTOTALS DISBURSEMENTS PENDING</b>	<b>(209,169.00)</b>	<b>(232,491.00)</b>	-	-	<b>(441,660.00)</b>
<b>Estimated Available Balance as of 12/31/2020 (excludes Q4 Loss/Gain)</b>					<b>1,256,170.00</b>

**Data Disclosure**

Statements from JP Morgan Chase are real time, balances available online daily

Quarterly Financials, Annual Budget and Grant Disbursements Reviewed and Approved by the HCBF Board of Directors

Prepared by RMG, LLC October 17, 2020, 1:18 pm