



APPROVED MINUTES
MEETING OF THE BOARD
FRIENDS of LACOE: A FOUNDATION for LEARNING
A California Nonprofit Public Benefit Corporation
9300 Imperial Highway, EC 107, Downey, California 90242

Monday, October 28, 2019

A meeting of the Board of Directors of the Friends of LACOE: A Foundation for Learning was held on Monday, October 28, 2019 in EC 107 at the Los Angeles County Office of Education, 9300 Imperial Highway, Downey, California 90242-2890.

Present: Debra Duardo, Monte Perez, Gloria Rogers and Patricia Smith
Absent: Michael Escalante
Others Present: John Garcia (Friends of LACOE), Patrick Saldaña, Daisy Esqueda, Jessi Uranga, Michelle Sanchez, Michael O'Day (Quigley & Miron, Auditors),

CALL TO ORDER

Dr. Duardo called the meeting to order at 2:05 p.m. She acknowledged staff present and explained that agenda items from the canceled Special Meeting on October 16, 2019 have been rolled into today's agenda. Dr. Duardo also shared that Dr. John Garcia would be sharing updates with the Board regarding the ongoing transition of Friends of LACOE to the Greater Los Angeles Education Foundation.

COMMUNICATIONS (PUBLIC COMMENTS)

None.

APPROVAL OF MINUTES

The Board reviewed the meeting minutes for the meeting of August 29, 2019.

It was MOVED to approve by Gloria Rogers; SECONDED by Monte Perez. Four approved; none opposed.

AUDITED FINANCIAL STATEMENTS AND ANNUAL FILINGS

Michael O'Day of Quigley & Miron (Q&M) presented the draft Audited Financial Statements (AFS) for 2018-19 to the Board, noting that there were no findings. Mr. O'Day explained items such as the liabilities in Statement of Financial Position (payments due to contractors for grant-funded work); contributions reported on Statement of Activities; analysis of classifications in Statement of Functional Expenses. Friends of LACOE allocates approximately 45% to program expenses. In the past, Q&M has noted that the standard amount recommended for non-profits is to exceed 65% of expenses for program costs. This is measured on AFS to show the social impact of tax-exempt organizations. Mr. O'Day suggested adding a highlight in the organization notes of the Independent Auditor's report that explains why Program Service expenses account for less than 50% of total expenses. Mr. O'Day expanded and explained that this percentage is not unusual for startups and organizations in the early stages of fund development. Dr. Duardo asked for

clarification whether this information was accessible to the public, to which Mr. O'Day responded yes. He also suggested that it would be wise to clarify this information when seeking grants of significant dollar amounts.

Mr. O'Day shared with the Board an update to the Nonprofit Accounting Standards. He explained that funds will now have to be classified as coming with or without donor restrictions. In the past, funds were flagged as either unrestricted or restricted for a specific time, purpose, or project. He also recommended that the fund classification system used by FOL be condensed.

The Board also had general questions regarding fiscal sponsorships. Several members of the Board wanted clarification regarding the costs, expenditure authority, and potential limitations of using a fiscal sponsor. Dr. Garcia shared that operations and expenditure decisions would still run through FOL while Mr. O'Day clarified that fiscal sponsorships are not uncommon and can provide some flexibility when fundraising. Dr. Garcia also outlined the fees associated with using the California Community Foundation (CCF) as a fiscal sponsor.

The Board then brought the draft Audited Financial Statements to a vote.

It was MOVED to approve by Gloria Rogers; SECONDED by Dr. Perez. All in favor. None opposed.

PROPOSED REVISED BYLAWS

Dr. Duardo continued the meeting by revealing the proposed revisions to the FOL Bylaws.

She outlined the changes to the bylaws as follows:

- Page 2 of the bylaws updates that the Board is to be led by a Board "Chair" instead of "President".
- Page 3 of the bylaws under Article VIII. This change clarifies that the Treasurer will no longer be a Director recommended by the County Superintendent and will instead be voted on by the Board.
- Page 5, Article IX, Section 7 addresses the meeting quorum requirements per the Brown Act.
- Page 6, Article X, Section 4 allows the Board to fill ex-officio vacancies. Article X Section 7, referred to earlier, which changes the Superintendent's role regarding the recommendation of a Board Treasurer.
- Page 8, Article XII, Section 1 explicitly prohibits a Board committee from amending or repealing any Board resolution or action on matters committed by the Bylaws or by Board resolution to another Board Committee.
- Section 2 describes and details the functions of an Executive Committee which is intended to have among its roles an operational oversight of FOL activities.
- Page 8, describes specific committees and their new or revised role vis a vis FOL, its Board, staff, and operations: After the Proposed Bylaw revisions were distributed at the August 29 Board Annual meeting, numbering errors in Articles X and XII were noticed and have since been corrected.
- Section 3 (Governance); Section 4 (Board Development Committee); Section 5 (Grants Committee); Section 6 (Fund Development Committee); Section 7 (Finance Committee); Section

8 (Audit Committee); Section 9 Participation by Non-Directors; Section 10 (Removed: Authority of the Board); Section 11 (Term); and Section 12 (Committee Rules) are new or significantly revised since the initial Bylaws were enacted.

Dr. Duardo continued the discussion by explaining the rationale for the changes to the Bylaws, which includes developing the ability to leverage funding opportunities through a Board structure that does not rely solely on quarterly meetings.

It was MOVED to approve by Gloria Rogers; SECONDED by Dr. Perez. All in favor. None opposed.

STRATEGIC REALIGNMENT AND REBRANDING INITIATIVE

Dr. Garcia briefed the Board about the ongoing rebranding efforts of the Foundation. The Board asked some follow up questions about the Fiscal Sponsorship provided by CCF. One of the key questions was regarding the flow of funds from CCF to FOL. Dr. Garcia shared that FOL will compute an estimate for monthly operating expenses and invoice CCF once a month.

Dr. Garcia then moved on to present the proposed FOL-CCF Fiscal Sponsor Budget. The 2 year proposal totals \$764,478 in operating funds. Fiscal year 2019-20 would total \$450,915, while 2020-21 would total \$313,563. Dr. Garcia clarified that the higher budget for the first year includes marketing costs to help reestablish the restructured foundation.

Dr. Duardo brought the proposed Fiscal Sponsorship Budget to a vote.

It was MOVED to approve by Dr. Perez; SECONDED by Gloria Rogers. All in favor. None opposed.

Dr. Garcia then shared that the process of restructuring the staffing of FOL is underway and will follow the outline provided by CCS. Job descriptions, compensation information, and hiring procedure documentation were distributed to the Board. Dr. Garcia continued the discussion by indicating that a Special Assistant would hopefully be hired within the next several weeks. Dr. Perez followed up with a question regarding the role that the Special Assistant would be taking on. Dr. Garcia shared that the Special Assistant would be a “jack of all trades,” taking on a great variety of tasks that support the overall operation of the Foundation.

Dr. Duardo brought the position descriptions, compensation, and hiring process to a vote.

It was MOVED to approve by Dr. Perez; SECONDED by Gloria Rogers. All in favor. None opposed.

Dr. Garcia moved on to share the proposed renaming and rebranding for Friends of LACOE. A proposal detailing the rationale for the change was distributed to the Board. The new name proposed would be the Greater Los Angeles Education Foundation.

The proposed new naming for Friends of LACOE was brought to a vote.

It was MOVED to approve by Gloria Rogers; SECONDED by Dr. Perez. All in favor. None opposed.

The next topic discussed by Dr. Garcia was the nomination of a new Director. Dr. Garcia gave a brief description and introduction of his recommendation for a new Director, Capri Maddox. The Board felt it best to postpone the election of a new Director until the next meeting in January.

FINANCE

Pat Smith reviewed the Financial Statements included in the Board agenda. Included in the meeting's agenda (Attachment F) was the "Acceptance of Funds" for the period of July through September 2019. The Acceptance of Funds in the amount of \$67,565.66 includes donations from many individual contributors, including LACOE employees who give through voluntary payroll deductions to support LACOE's programs through Friends of LACOE. FOL also received contributions in support of the Superintendent's Professional Collaborative Conference, with the largest one being \$15,000.00 from BuyWiser Technology. The Acceptance of Funds report also included the first payment from the CCF fiscal sponsorship in the amount of \$30,000.

It was MOVED to approve by Gloria Rogers; SECONDED by Dr. Perez. All in favor. None opposed.

Ms. Smith also presented the Statement of Financial Position as of June 30, the Statement of Activities for July 2019 through September 2019, and the Statement of Activities for the same time period.

It was MOVED to approve by Dr. Perez; SECONDED by Gloria Rogers. All in favor. None opposed.

Ms. Smith then turned to two items related to Authorized Signers for Friends of LACOE. Attachment E includes the "Authorized Signer Resolution for Checks and Agreements."

This new Resolution addresses a few items: (a) It allows for only one authorized signer to approve transactions of less than \$5,000. (b) For Transactions of \$5,000 or more, two signers are required and can be the Board Chair, Board Treasurer, Board Secretary and President and Chief Deputy of Strategic Partnerships. Ms. Smith clarified that while not explicitly cited in the Resolution, FOL's internal controls includes: "An authorized signer should not approve a transaction for which he or she is the payee."

The proposed changes increase the Authorized Signer level from \$2,500 to \$5,000 and eliminates the second signer requirement for transactions of less than \$5,000. In addition, the role of "Executive Director" is omitted.

Ms. Smith addressed the second page, which allows FOL to update its practices and will make current the signatures for transactions at the financial institutions it uses. The Authorized Signers

form also formalizes the removal of the names of previous Authorized signers who no longer serve Friends of LACOE.

Ms. Smith further clarified that the FOL payment request system will continue as established. Authorizations to generate payment are required before a transaction is approved for payment.

It was MOVED to approve by Gloria Rogers; SECONDED by Dr. Perez. All in favor. None opposed.

Ms. Smith concluded by informing the Board FOL's Internal Controls will need to be revised to reflect changes in the Authorizations and changes in FOL executive leadership roles. FOL will then submit the revised Internal Controls to the external accounting firm with whom it is working on monthly review and materials for the external auditors.

OTHER BUSINESS

No additional business was brought to the board's attention.

BOARD MEETING CALENDAR

Dr. Duardo updated the Board regarding the revised meeting calendar. She shared that the next scheduled meeting is for Monday, January 13th at 10:00 a.m., which is preceded by a Finance Committee meeting at 9:30 a.m.

ADJOURNMENT

It was MOVED to adjourn at 3:20 p.m. by Dr. Perez; SECONDED by Gloria Rogers All in favor. None opposed.

APPROVED

January 13, 2020
Downey, California