



FOUNDATION

MIRACOSTA COLLEGE FOUNDATION BOARD FINANCE COMMITTEE MEETING

Tuesday, August 12, 2025 2:00 – 3:30 p.m.

3333 Manchester Avenue Cardiff, CA 92007
Conference Room 1131

Members of the community not able to attend in person can listen to the live stream here:
<https://linktr.ee/miracostacollegefoundation>

Finance Committee Members:

Michelle Gray, Neil McCarthy, Dave McGuigan,
Cindy Musser, Mark Richards

Staff Support, Guests & Advisors:

Tori Fishinger, Elba Gomez, Elizabeth Lurenana,
Andrew Maslick, Shannon Stubblefield

MiraCosta College Foundation Mission:

Promote the benefits of MiraCosta College and secure resources that transform lives.

MiraCosta College Foundation Vision:

Educational opportunities for all.

Land Acknowledgement:

We acknowledge the original caretakers of the land on which MiraCosta College is built. The Luiseno people are made up of seven bands: the La Jolla, Pala, Pauma, Pechanga, Rincon, San Luis Rey, and Soboba. We pay our respects to the Luiseno – past, present, and emerging, and are grateful to have the opportunity to be part of this community and to honor their history, culture, and spirit.

AGENDA

I. CALL TO ORDER & LAND ACKNOWLEDGMENT

This meeting will be live streamed on Zoom.

II. ROLL CALL, WELCOME and INTRODUCTIONS

III. PUBLIC COMMENT ON ITEMS ON AND NOT ON THE AGENDA

IV. CHANGES IN AGENDA ORDER

V. APPROVE MEETING MINUTES (Action Required)

A. Regular meeting of April 22, 2025

VI. PRESENTATION(S)

A. Andrew Maslick, Mercer

VII. COMMITTEE REPORT(S)

A. Finance Committee (Musser)

i. Review FY24/25 Q4 Financial Statements & Recap

ii. Key Performance Indicators

iii. Succession Planning

a. Vice Chair beginning FY25/26

iv. Modify Funds Quasi-Endowed by Foundation Board **(Action Required)**

a. Textbook Assistance General Endowment, 100455_GF, 91_FD

- b. MiraCosta College Promise General Endowment, 100458_GF, 93_FD; and MCC Promise End Distribution, 100828_GF, 93_FD
- v. Policy Review (**Action Required**)
 - a. [Investment & Spending Policy](#) (annual review)
 - b. [Solicitation & Acceptance of Gifts](#) (reviewed every 3 years)
- B. Audit Committee (McCarthy)

VIII. ANNOUNCEMENTS, MEETING AND EVENT CALENDAR REVIEW

- A. Community Leaders Breakfast
- B. Meeting Calendar for FY25/26

Next Finance Committee Meeting (San Elijo Campus)
Tuesday, November 4, 2025 at 2:00 – 3:30 p.m.

Next Executive Committee Meeting (San Elijo Campus)
Tuesday, August 12, 2025 at 3:45 – 5:00 p.m.

Next Quarterly Board Meeting (San Elijo Campus)
Tuesday, August 26, 2025 at 3:00 – 5:00 p.m.

Next Resource Development Ad hoc Committee Meeting (Zoom)
Monday, October 6, 2025 at 2:00 – 2:45 p.m.

Next Grants & Scholarships Ad hoc Committee Meeting (Oceanside Campus & Zoom)
Tuesday, October 21, 2025 at 2:00 – 3:00 p.m.

Next Governance & Nominations Committee Meeting (San Elijo Campus)
Tuesday, October 28, 2025 at 2:00 – 3:30 p.m.

Next Audit Committee Meeting (San Elijo Campus)
Tuesday, May 19, 2026 at 1:00 – 1:30 p.m.

IX. FUTURE AGENDA ITEMS

X. ADJOURNMENT

- * **ITEMS ON THE AGENDA:** Members of the audience may address the Foundation Board Committee on any item listed on the agenda when that agenda item comes up for discussion and/or action. Comments will be limited to three (3) minutes per agenda item and a total of fifteen (15) minutes of public comment on an item, unless waived by the committee. Non-English speakers utilizing a translator will have six (6) minutes to directly address the Committee.

ITEMS NOT ON THE AGENDA: Members of the audience may address the Foundation Board Committee on any topic not on the agenda so long as the topic is within the jurisdiction of the Foundation. Under the Brown Act, the committee is not permitted to engage in public discussion or take any action on an agenda item not on the agenda, except that members of the committee may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Government Code §54954.3. In addition, on their own initiative, or in response to questions posed by the public, a member of the committee may ask a question for clarification. A member of the committee or the committee itself may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. Comments from visitors shall not exceed three (3) minutes unless the committee waives the time limit. Non-English speakers utilizing a translator will have six (6) minutes to directly address the committee. The committee may also limit the total amount of time for public comment on a particular topic to fifteen (15) minutes.

DECORUM: Decorum requires members of the public to observe order at committee meetings. Speakers shall speak to the issues, and refrain from using defamatory or abusive personal remarks that disturb or impede the meeting or exceed the bounds of civility necessary to the conduct of the business of the Foundation Board Committee. The presiding officer has the authority to run the meeting, which includes the authority to issue warnings, call for recesses, or clearing the boardroom in the event of disruptive behavior. Government Code section 54954.3(c) establishes that the legislative body of a local agency shall not prohibit public criticism of the policies, procedures, programs, or services of the agency, or of the acts or omissions of the legislative body, and California Penal Code section 403 makes it a misdemeanor for any person to willfully disturb or break up any lawfully authorized assembly or meeting.

Foundation Committee meetings are held in meeting rooms that are accessible to those with mobility disabilities. If you wish to attend the meeting and you have another disability requiring special accommodation, please notify the board assistant, 760.757.2121, extension 6645. The California Relay Service is available by dialing 711 or 800-735-2929 or 800-735-2922.

In compliance with Government Code §54957.5, nonexempt writings that are distributed to a majority or all of the MiraCosta Community College District Foundation Board in advance of their meetings may be viewed at the Office of Institutional Advancement, 1 Barnard Drive, Oceanside, California, 92056 or by clicking on the Foundation website at <http://foundation.miracosta.edu>. Such writings will also be available at the board meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the board assistant by e-mail at foundation@miracosta.edu



FOUNDATION

MIRACOSTA COLLEGE FOUNDATION BOARD FINANCE COMMITTEE

MINUTES OF REGULAR MEETING

April 22, 2025
DRAFT

I. CALL TO ORDER

The MiraCosta College Foundation Finance Committee met in open session on Tuesday, April 22, 2025 in Conference Room 1131 on the MiraCosta College District's San Elijo Campus (3333 Manchester Avenue, Cardiff, CA 92007). The meeting was live-streamed and recorded via Zoom. Treasurer Cindy Musser called the meeting to order at 2:01 pm.

II. ROLL CALL, WELCOME, and INTRODUCTIONS

Committee Members Present:

Michelle Gray Neil McCarthy Dave McGuigan Cindy Musser

Committee Members Absent:

Dottie Benson Mark Richards Sharon Wiback

Staff, Advisors & Guests Present:

Elizabeth Lurenana Andrew Maslick Shannon Stubblefield

III. PUBLIC COMMENT ON ITEMS ON AND NOT ON THE AGENDA

None

IV. CHANGES IN AGENDA ORDER

None

V. APPROVE MEETING MINUTES (Action Required)

By motion of Committee Member McCarthy, seconded by Committee Member Gray, the minutes of the regular meeting of February 4, 2025 were approved as presented.

Vote: 4/0/0/3
Aye: Gray, McCarthy, McGuigan, Musser
Nay: None
Abstain: None
Absent: Benson, Richards, Wiback

VI. PRESENTATION(S)

A. Andrew Maslick, Mercer (Zoom)

- i. Advisor Maslick provided commentary on the presentation in the agenda packet, specifically highlighting portfolio performance, how investors are reacting to the current fiscal environment, and providing historical context on market performance during seasons of volatility.
 - a. VP/ED Stubblefield and committee members discussed the financial implications of the political climate on the MiraCosta College campus community.

VII. COMMITTEE REPORT(S)

A. Finance Committee

- i. Treasurer Musser reviewed the Q3 financial statements for FY24/25.

By motion of Committee Member McGuigan, seconded by Committee Member McCarthy the FY24/25 Q3 Financial Statements were approved.

Vote: 4/0/0/3
Aye: Gray, McCarthy, McGuigan, Musser
Nay: None
Abstain: None
Absent: Benson, Richards, Wiback

- ii. Treasurer Musser and VP/ED Stubblefield reviewed the Key Performance Indicators (KPIs) and highlighted that the KPIs are reflective of the Fundraising Plan each year. Therefore, there will be minor changes to FY25/26 KPIs to reflect the new fundraising plan.
- iii. Treasurer Musser and VP/ED Stubblefield reviewed the FY25/26 Operations & Allocations Budget with FY24/25 Actuals Projected.

By motion of Committee Member McCarthy, seconded by Committee Member McGuigan⁸⁵

the FY25/26 Operations & Allocations Budget was approved.

Vote: 4/0/0/3
Aye: Gray, McCarthy, McGuigan, Musser
Nay: None
Abstain: None
Absent: Benson, Richards, Wiback

- iv. The Audit Committee did not meet as planned, so the FY23/24 Audit is not yet approved.

VIII. ANNOUNCEMENTS, MEETING AND EVENT CALENDAR REVIEW

- A. Staff reviewed the End-of-Year Celebration Events and Board Meeting Calendar for FY25/26.
 - i. Committee Members are asked to RSVP to Staff Member Lurenana for End-of-Year Celebration Events.
 - ii. Committee members are asked to reserve meeting dates for FY25/26 on their calendar and let staff know if they foresee any conflicts with the Board Meeting Calendar for FY25/26.
 - a. Staff to update Audit Committee Meeting date to May 19, 2026 (typo).

Next Executive Committee Meeting (San Elijo Campus)

Tuesday, April 22, 2025 at 3:45 – 5:00 p.m.

Next Grants & Scholarships Committee Meeting (Zoom)

Tuesday, April 29, 2025 at 2:00 – 4:00 p.m.

Next Resource Development Committee Meeting (Zoom)

Monday, May 5, 2025 at 2:00 – 2:45 p.m.

Next Quarterly Board Meeting (Oceanside Campus)

Tuesday, May 6, 2025 at 3:00 – 6:00 p.m.

Next Governance and Nominations Committee Meeting (San Elijo Campus)

Tuesday, August 5, 2025 at 2:00 – 3:00 p.m.

Next Finance Committee Meeting (San Elijo Campus)

Tuesday, August 12, 2025 at 2:00 – 3:30 p.m.

Next Audit Committee Meeting (San Elijo Campus)

Tuesday, May 18, 2026 at 1:00 – 1:30 p.m.

IX. FUTURE AGENDA ITEMS

X. ADJOURNMENT

The Meeting was adjourned at 3:07 p.m.

CR ACC - Foundation Balance Sheet

Repeat By

Period FY2024-25 - 12-Jun

Worktags

Calculate Current Year Retained E: Yes

<i>MiraCosta College Foundation</i>	Unrestricted	Restricted	Restricted & Unrestricted	Restricted & Unrestricted
Period: FY2024-25 - 12-Jun			Total FY24-25 (July 2024 to June 2025)	Prior Year FY23-24 (Jul 2023 to June 2024)
Assets	2,594,671.36	23,078,464.68	25,673,136.04	23,343,531.68
Cash	532,596.11	370,329.24	902,925.35	775,011.73
Investments	1,976,234.58	21,897,889.64	23,874,124.22	21,580,667.33
Deferred Gifts - Assets	68,501.00	810,246.20	878,747.20	885,889.20
Accounts Receivable/Prepays	17,339.67	(0.40)	17,339.27	101,963.42
Total Assets	2,594,671.36	23,078,464.68	25,673,136.04	23,343,531.68
Liabilities	23,128.99	24,001.78	47,130.77	105,449.55
Accounts Payable	23,128.99	24,001.78	47,130.77	105,449.55
Due To Related Entities	0.00	0.00	0.00	0.00
Due From Related Entities	0.00	0.00	0.00	0.00
Total Liabilities	23,128.99	24,001.78	47,130.77	105,449.55
Net Position	2,571,542.37	23,054,462.90	25,626,005.27	23,238,082.13
Total Liability/Net Position	2,594,671.36	23,078,464.68	25,673,136.04	23,343,531.68

**This balance sheet shows preliminary numbers that will be updated at year-end close.*

CR ACC - Foundation Income Statement

Repeat By

Period

FY2024-25 - 12-Jun

Worktags

<i>MiraCosta College Foundation</i>	Unrestricted	Restricted	Restricted & Unrestricted	Restricted & Unrestricted
<i>Period: FY2024-25 - 12-Jun</i>			Total FY24-25 (July 2024 to June 2025)	Prior Year FY23-24 (Jul 2023 to June 2024)
Revenues	291,275.15	4,408,675.41	4,699,950.56	5,689,048.00
Non-Charitable Revenue	0	38,676.35	38,676.35	112,051.76
Deferred Gifts- Revenue	0	0	0	385.05
Contributions	122,039.06	1,581,492.33	1,703,531.39	1,924,293.84
Investment Activity	169,236.09	2,461,394.44	2,630,630.53	2,658,153.76
Gifts In Kind- Revenue	0	327,112.29	327,112.29	994,163.59
Total Revenue	291,275.15	4,408,675.41	4,699,950.56	5,689,048.00
Transfers	233,890.73	(233,890.73)	0.00	0.00
Transfers In	642,091.36	855,804.27	1,497,895.63	1,238,396.04
Transfers Out	(408,200.63)	(1,089,695.00)	(1,497,895.63)	(1,238,396.04)
Total Transfers	233,890.73	(233,890.73)	0.00	0.00
Total Revenue and Transfers	525,165.88	4,174,784.68	4,699,950.56	5,689,048.00
Expenditures	390,752.24	1,921,275.18	2,312,027.42	3,694,603.82
General And Administrative	385,398.97	537,361.79	922,760.76	2,139,520.55
Direct Student Aid- Non Cash	2,353.27	77,794.46	80,147.73	163,699.49
7600:Other Student Aid	2,353.27	77,794.46	80,147.73	163,699.49
Student Financial Support - Scholarships And Emergency Funds	3,000.00	979,006.64	982,006.64	682,623.58
7500:Student Financial Aid Expense - Scholarships	3,000.00	823,506.90	826,506.90	501,078.00
7500:Student Financial Aid Expense - Emergency Funds	0.00	155,499.74	155,499.74	181,545.58
Gifts In Kind- Expense	0	327,112.29	327,112.29	708,760.20
Total Expenditures	390,752.24	1,921,275.18	2,312,027.42	3,694,603.82
Net Fund Balance, Beginning of Year	2,437,128.73	20,800,953.40	23,238,082.13	21,243,637.95
Revenues Over (Under)			2,387,923.14	1,994,444.18
Expenditures	134,413.64	2,253,509.50		
Net Fund Balance, End of Period	2,571,542.37	23,054,462.90	25,626,005.27	23,238,082.13

*This income statement shows preliminary numbers that will be updated at year-end close.

Statement of Expenses**7/1/2024 to 6/30/2025**

Sum of Net Amount		Column Labels		
Row Labels		2002_DG MCCF Management & Admin	2003_DG MCCF Programming	Grand Total
2800:Salary Expense		247,898.58	68,820.26	316,718.84
4500:Supplies		2,047.22	100,547.52	102,594.74
4700:Non-cash Gift-in-Kind			327,112.29	327,112.29
5060:Rents and Leases			12,100.00	12,100.00
5100:Other Services		16,209.17	49,754.68	65,963.85
5200:Travel, Conferences, Training		9,481.01	213,931.51	223,412.52
5300:Dues and Memberships		3,630.00	7,130.00	10,760.00
5600:Contract Services		2,500.00	91,586.74	94,086.74
5700:Audit, Election, Legal		200.00		200.00
5800:Advertising and Postage		53,779.22	43,144.85	96,924.07
7500:Student Financial Aid Expense			982,006.64	982,006.64
7600:Other Student Aid			80,147.73	80,147.73
Grand Total		335,745.20	1,976,282.22	2,312,027.42

EXPENSES BY PROGRAM 2003_DG	SUM
9921_PG Events - Alumni	17,126.30
9922_PG Events - Campus Programs	140,289.48
9923_PG Direct Student Support	1,436,256.80
9924_PG Campus Programs Support	294,124.86
9925_PG Marketing & Communications - Campus Programs	501.49
9926_PG Community Sponsorships -Campus Requested	35,185.54
9928_PG Campus Programs Staffing	74,345.38
Total July 1, 2024 - June 30, 2025	2,333,634.05

*These numbers are preliminary and will change at year-end close.

As of 06.30.2025		
CASH & ST OPERATING		
		UB Statement balance; Cash in ledger may have a different balance due to outstanding checks or deposit in transit.
US Bank	239,435.11	
LAIF	661,693.15	LAIF Statement balance
	901,128.26	
INVESTMENTS		
Vanguard - Endowment Portfolio	16,618,280.17	
Vanguard - Excess Reserve Portfolio	4,655,903.17	
Vanguard - Reserve Portfolio	1,124,551.25	
Vanguard - JAFFY	77,210.12	
Vanguard - Title V	550,024.32	
Osher, as of June 30, 2024	848,155.19	
	23,874,124.22	
<i>*Recommendations for transfer (aside from those indicated in the investment policy)</i>		
None at this time		

	Actual FY23/24	Goals FY24/25	YTD as of 9/30/24	YTD as of 12/31/24	YTD as of 3/31/25	LY to Q4	YTD as of 6/30/25 (FY End)	Percentage above/below annual goal
Students Supported								
Number of Students Supported (unduplicated)*	720	Not Projected	160	700	902	n/a	1,080	n/a
Scholarships	624	Not Projected	67	545	663	624	808	n/a
Direct Student Aid Cash	358	Not Projected	93	186	293	358	368	n/a
Direct Student Aid- Non Cash (Gift Cards and Campus Fees)	Not Tracked Yet	Not Tracked Yet	Not Tracked Yet	Not Tracked Yet	Not Tracked Yet	n/a	Not Tracked Yet	n/a
<i>*Please see financial statements for the dollar amount.</i>								
Fundraising Plan Priorities**	\$1,722,362	\$1,405,000	\$327,348	\$1,026,903	\$1,322,781	\$1,722,362	\$1,768,853	126%
College Affordability (Financial Support for Students): \$750,000 to \$1,500,000	\$279,230	\$750,000	\$141,431	\$286,395	\$375,116	\$279,230	\$440,696	59%
Resilience Funds	\$43,694	\$500,000	\$66,444	\$98,993	\$101,277	\$43,694	\$109,578	22%
Scholarships	\$235,536	\$250,000	\$74,987	\$187,402	\$273,839	\$235,536	\$331,118	132%
Endowed Funds for Long-Term Sustainability: \$130,000	\$225,122	\$130,000	\$4,616	\$39,666	\$56,951	\$225,122	\$61,506	47%
Program and Campus Needs: \$250,000 – \$500,000	\$1,117,997	\$350,000	\$152,984	\$609,744	\$720,758	\$1,117,997	\$1,019,651	291%
Unrestricted Funds: \$150,000 to \$200,000	\$100,013	\$175,000	\$28,317	\$91,099	\$109,956	\$100,013	\$154,873	88%
Annual Fund: \$100,000	\$57,074	\$100,000	\$16,392	\$64,282	\$70,502	\$57,074	\$94,667	95%
President's Circle: \$25,000 - \$50,000	\$19,439	\$25,000	\$1,150	\$6,542	\$9,179	\$19,439	\$9,816	39%
Event Sponsorships: \$25,000 - \$50,000	\$23,500	\$40,000	\$10,775	\$20,275	\$30,275	\$23,500	\$50,390	126%
Estate Giving: In plan, budgeted at \$0	\$0	\$0	\$0	\$0	\$60,000	\$0	\$92,127	n/a
<i>** Cash only; Gift in Kind not included</i>								
Fundraising Plan Statistics								
Major Gifts***								
Number of Individual Major Gift Donors \$10k+	10	20	3	10	11	10	12	60%
Total Raised from Individual Major Gifts \$10k+	\$465,020	\$200,000	\$52,000	\$273,500	\$305,500	\$465,020	\$355,500	178%
Planned Giving								
Number of New Heritage Society Members	2	5	1	2	2	2	2	40%
Number of Total Heritage Society Members	44	49	44	44	42	44	42	86%
Number of Estate Gifts Received	0	1	0	0	1	0	4	n/a
Annual Donors								
Number of Members in President's Circle by Fiscal Year	54	59	10	17	39	54	42	71%
Number of Annual Fund Donors by Fiscal Year	69	80	22	58	67	69	93	116%
Payroll Giving								
Number of Payroll Donors	134	150	131	129	126	134	134	89%
Total Raised in Payroll Donations	\$72,388	\$78,000	\$15,929	\$33,058	\$49,578	\$72,388	\$66,286	85%
Grants (including federal government)								
Number of Grant Donors	26	29	7	17	19	26	24	83%
Total Raised from Grants Received	\$922,032	\$420,000	\$127,200	\$427,418	\$498,510	\$922,032	\$657,558	157%
***Major gifts includes pledge payments								

FY 24/25 Foundation Operations and Allocations Budget to Actual

Unrestricted Revenue			FY 24/25 Actual Revenue	
Unrestricted Revenue - Non Charitable	FY 2023/24 - Actual	FY 2024/25 - Budget	FY 2024/25 - Actual	% to Budget (EOY)
Endowment Fees (1.5%)	\$209,399	\$260,000	\$207,251	105%
Interest	\$33,459		\$29,162	
Administration Fees (4%)	\$28,222		\$32,922	
Initial Grant Fees	\$0		\$2,500	
Initial Endowment Fees	\$7,500	\$0	\$1,500	NA
Foundation Directed Endowment Distributions	\$95,335	\$94,000	\$93,167	99%
Trusts and Planned Gifts Fee (5%)	\$0	\$0	\$3,000	NA
Follett Unrestricted	\$100,000	\$0	\$0	NA
Total Unrestricted Revenue (Non-Charitable)	\$473,916	\$354,000	\$369,501	104%
Total Unrestricted Event Revenue (Charitable)	\$21,000	\$25,000	\$39,875	160%
Total Unr Revenue for Operating & Allocations	\$494,916	\$379,000	\$409,376	108%
Operations Expenses			FY 24/25 Actual Expenses	
Foundation Operations Budget - Expenses	FY 2023/24 Actual	FY 2024/25 - Budget	Q4 YTD	% to Budget (EOY)
Foundation Staffing	\$226,786	\$249,957	\$247,899	99%
Management	\$22,855	\$26,000	\$10,755	41%
Donor Management Systems	\$56,435	\$3,000	\$11,855	395%
Foundation Board	\$3,500	\$4,100	\$1,369	33%
Donor Cultivation & Stewardship	\$7,980	\$4,700	\$3,086	66%
<i>Events - Foundation Cultivation & Stewardship</i>	<i>\$13,465</i>	<i>\$10,000</i>	<i>\$5,718</i>	<i>57%</i>
<i>Events - Campus & Programs</i>	<i>\$20,273</i>	<i>\$15,000</i>	<i>\$31,593</i>	<i>211%</i>
Campus Program Support	\$25,400	\$0	\$0	
Community Sponsorships - Foundation Requested		\$15,000	\$13,562	90%
Marketing & Communications - Foundation	\$10,610	\$12,000	\$30,730	256%
Subtotal Operations Expenses	\$387,304	\$339,757	\$356,566	105%
Foundation Allocations	FY 2023/24 Actual	FY 2024/25 - Budget	Q4 YTD	% to Budget (Q3)
Foundation Board Grants	\$0	\$40,000	\$40,000	100%
Executive Director's Fund	\$12,000	\$10,000	\$10,000	100%
Alumni Association	\$10,000	\$5,000	\$5,000	100%
Other (ACPs, Campaign)	\$0	\$0	\$0	
Annual Fund	\$0	\$0	\$0	
Board Reserves	\$0	\$0	\$0	
Subtotal Allocations	\$22,000	\$55,000	\$55,000	100%
Total Expenses - Operating and Allocations	\$409,304	\$394,757	\$411,566	104%
NET	\$85,612	-\$15,757	-\$2,190	14%

Unrestricted Fund Balances	Actual at 6/30/24		Actual at 6/30/25
100832_GF Unrestricted Fund	\$831,327		\$796,981
100833_GF Operational	\$54,713		\$50,155
101406_GF Follett Unrestricted	\$400,000		\$400,000
100838_GF Board Reserves	\$50,000		\$50,000
100822_GF Masinter Distribution Fund	\$96,073		\$103,041
100831_GF Chaffee - Endowment Distribution Fund	\$19,482		\$19,519
100824_GF General End Distribution Fund	\$12,725		\$19,601
100825_GF Eckley Distribution Fund	\$14,444		\$13,730
SubTotal Unrestricted (foundation or campus use)	\$1,478,764		\$1,453,027
100835_GF Annual Fund	\$304,729		\$329,800
Total Unrestricted Fund Balances	\$1,783,493		\$1,782,827

FY 25/26 Fund Management Project - Q1 Foundation Board Action Items

(post legal review in FY 24/25 Q4)

1. Textbook Endowed Funds

- Gift Funds as of 6/30/25
 - 100455_GF Textbook Assistance General Endowment
 - 91_FD Foundation - Permanently Restricted (“Corpus”) = \$266,676.94
 - 92_FD Foundation - Temporarily Restricted (“Unrealized Gain/Loss”) = \$165,699.94
 - 100826_GF Textbook Asst End Distribution
 - 92_FD Foundation - Temporarily Restricted (“Spend”) = \$120,951.63
- *Summary:* As of 6/30/25, the permanently restricted corpus fund is \$266,676.94. Of this total, the Foundation can unrestrict the \$126,000 which was quasi-restricted by the Foundation Board, as these funds were not restricted by the donor, as follows:
 - September 4, 2008: \$15,000 was allocated from the unrestricted President’s Circle by the Foundation Board
 - January 29, 2009: \$100,000 was allocated from the unrestricted Masinter (unrestricted) to Promise Endowment by the Foundation Board
 - September 3, 2009: \$11,000 was allocated from the unrestricted President’s Circle by the Foundation Board
- *Board Action Item:*
 - *Modify Funds Quasi-Endowed by Foundation Board*
 - *Textbook Assistance General Endowment, 100455_GF, 91_FD*
 - *Background: To honor the original donor intent, \$126,000 of this fund will be un-restricted. Legal review in 2025 confirms that these funds were originally donated as unrestricted, but later added to this restricted fund by the Foundation Board.*
 - *Action: As such, the Foundation Board will now reallocate \$126,000 to the unrestricted gift fund “Unrestricted Endowed, 101921_GF, 93_FD”.*

2. Promise Endowed Fund

- Gift Funds as of 6/30/25
 - 100458_GF MiraCosta College Promise General Endowment, 93_FD Foundation – Unrestricted (“Corpus”) = \$133,406.66
 - 100828_GF MCC Promise End Distribution, 93_FD Foundation – Unrestricted (“Spend”) = \$26,318.77
- *Summary:* The Foundation Board can unrestricted 100% of these endowed funds, as the original funds were unrestricted by donor intent.
- *Board Action Item:*
 - Modify Funds Quasi-Endowed by Foundation Board:
 - “MiraCosta College Promise General Endowment, 100458_GF, 93_FD”; and
 - “MCC Promise End Distribution, 100828_GF, 93_FD”
 - Background: Follett is the sole source of donations to this fund. Legal review in 2025 confirms that the Follett donor agreement clearly states that the Foundation may use the funds in any manner that is aligned with its purposes.
 - Action: Accordingly, the Foundation Board will now reallocate 100% of the current endowed funds to the unrestricted gift fund “Unrestricted Endowed, 101921_GF, 93_FD”. and the distribution funds to the “Unrestricted Endowed Distribution, 101922_GF, 93_FD”.

I. Background and Mission

The MiraCosta College Foundation (hereafter referred to as the “Foundation”) is an independent, 501(c)(3) nonprofit corporation created to support students by funding their pursuits toward a higher education and providing the resources to help guide them toward success.

For over 40 years, the vision of the Foundation has supported the vision that no one is denied access to education because of financial need and that resources are available to enrich the college experience for all students. In service to this vision, the Foundation’s mission is to promote the interests and welfare of the college and to secure resources that will transform student lives.

II. Introduction

This policy is intended as a basic guide for safeguarding and managing the Foundation’s assets including the development of spending goals, investment strategies (including asset allocation) and investment performance review and reporting collectively comprise the “Portfolio”. The Portfolio’s assets will normally be held in one of four subordinate portfolios (or pools). These are (1) the “Reserve Portfolio” (2) Excess Reserve Portfolio (3) the “Endowment Portfolio” and (4) Title V Grant Endowment.

This investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Foundation and any other parties to whom the Foundation has delegated investment management responsibility for Portfolio assets.

The investment policies for the Foundation contained herein have been formulated consistent with the Foundation’s Mission, reflects its anticipated financial needs and its willingness to assume investment and financial risk, as reflected in the majority opinion of the Foundation.

Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term and long-term financial goals of the Foundation. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Foundation.

III. Role of the Finance Committee and the Foundation Board

The Foundation Board (the “Board”) has a fiduciary responsibility to comply with the restrictions imposed by the donors of endowment funds. The Board also has a legal responsibility to ensure that the management of endowment funds is in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Finance Committee of the Foundation Board (the “Committee”) acts in a fiduciary capacity with respect to the Foundation and is accountable to the College and the Board for overseeing the investment and safeguarding of all assets owned by or held in trust.

Foundation Management (“Management”) is defined as the Foundation’s Executive Director who oversees endowment accounting and makes recommendations to the Committee.

a. **The Committee will review this Investment Policy Statement at least once per year.**

Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Committee, and final Board approval. Written confirmation of the changes will be provided to all Committee members and to any other parties hired on behalf of the Foundation as soon thereafter as is practicable.

b. **Standard of Fiduciary Care.** The primary and constant standard for making investment and spending decisions for all Portfolio assets is the “Prudent Person Rule” which states that “the members of the governing board shall act with the care, skill, prudence, and diligence under the circumstances then prevailing a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the institution” in compliance with Uniform Prudent Management of Institutional Funds Act.

IV. Manager Selection

Investment management of the Portfolio (including its constituent pools) shall be recommended by the Committee for approval by the Board based on a selection process as established by the Committee. The Committee may elect to appoint a single manager for the Reserve Portfolio, Excess Reserve Portfolio, Endowment Portfolio, and the Title V Grant Endowment Portfolio, or separate managers for each. The Committee may also elect to manage the Reserve Portfolio itself. In addition to evaluating a manager’s historical performance compared to appropriate benchmarks, a manager’s ethical standards, financial viability, organizational structure, experience of key personnel, and investment philosophy will also be reviewed.

V. Investment Objectives

- a. The Endowment Portfolio is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the institution. The attainment of this broad objective will provide a balance between current spending needs of the Foundation and the need to preserve the purchasing power of the endowment for future generations. It is the Board’s intent to invest all long-term funds using the same target allocation, whether funds are endowed or Board designated/quasi-endowed funds. Gifts with donor restrictions will be invested as per instructions.

- b. The Reserve Portfolio. Assets apportioned to the Reserve Portfolio are intended for use “on demand” are to be invested with the objective of preservation of capital and short-term liquidity. Only high-quality short-term investment vehicles are appropriate for this portfolio.
- c. The Excess Reserve Portfolio is to be comprised of funds that are above an approved threshold to adequately fund the Reserve Portfolio. Assets in the Excess Reserve Portfolio are intended to preserve capital, provide a relatively predictable stream on income, and achieve moderate growth of principal. Assets are to be used as a supplemental source of funds for the Reserve Portfolio.
- d. The Title V Grant Endowment is to be comprised of Endowment Fund corpus (an amount equal to the endowment challenge grant or grants awarded under this part plus matching funds if available) and Endowment Fund Income (an amount equal to the total value of the fund, including appreciation and retained interest and dividend, minus the endowment fund corpus). Each endowment challenge grant awarded must be matched by the Foundation, must be invested by the Foundation, and must have a duration of 20 years (Please reference spending rules in grant document PART 628 for additional spending rules).

NOTE: Please reference the Investment and Spending Policy Flow Chart located within the appendix.

VI. Solicitation and Acceptance of Gifts Policy

- A. A separate policy has been adopted and approved by the Foundation to provide general information about the criteria and framework by which donations may be accepted or recommended to the Board for acceptance. This information should not be interpreted as legal advice, nor is the policy intended to override current IRS code and regulations. This policy includes:
 - Special gifts acceptance
 - Gifts of tangible property and equipment (gifts-in-kind)
 - Gifts of real property
 - Gifts of securities, limited partnerships and other tangible property
 - Gifts of life insurance
 - Charitable Remainder Trusts
 - Digital currency

VII. Spending Policy

A. Foundation spending shall be funded from these sources:

- Current undesignated gifts (not designated as endowments),
- An annual endowment management fee (presently 1.5%) assessed on total Endowment Portfolio assets, and
- Partial distributions of net investment income (from interest or dividends) or net realized capital gains from the Endowment Portfolio
- Short term deficiencies or excess of cash needs may be balanced by withdrawals from/deposits to the Reserve Portfolio. Cash accumulations from earnings and capital gains that exceed the approved spending budget for any year will be reinvested.

B. Purpose of Spending.

The Foundation exists to support the educational needs of the College. Consistent with prudent financial stewardship, the Foundation will spend its income each year for the purposes designated and/or approved by its Board. This will include a portion (1.5% endowment management fee) designated for the foundation's business operations, fundraising and other work of the Foundation and a percentage set by the Board (currently 3.5%) for charitable purposes. Thus, the current spending rate is 5%.

Endowment Portfolio earnings in excess of the Board established spending rate will be reinvested in the Endowment Portfolio to protect the endowment's purchasing power from one generation to the next.

NOTE: Title V Grant Endowment must be held for 20 years. Please reference spending rules in grant document PART 628. Title V Grant Endowment funds will not be included in the aforementioned 'Purpose of Spending'.

C. Limitations on Spending -- General Policy.

In general, current spending will not be funded by accessing the principal corpus of the Endowment Portfolio. The distribution of Endowment Portfolio assets will be permitted to the extent that such distributions do not exceed a level that would erode the Foundation's real assets over time. The Committee will seek to reduce the variability of annual Foundation distributions by factoring past spending and Portfolio asset values into its current spending decisions. The Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Foundation's spending policy, its target asset allocation, or both. Establishing the Spending Rate. The Committee will review and recommend the annual spending rate to

the Board within 60 days following the end of each calendar year. The Foundation presently seeks to maintain an annual spending rate of no more than 5.5% of the 3-year trailing average of the Endowment Portfolio (valued on December 31 of each year.) Any excess earnings will be re-invested into the Endowment Portfolio. An endowment management fee of 1.5% will be assessed first, then a maximum of 4% will be used for charitable purposes as designated by the donor or determined by the Board. (See Appendix 1 for related administrative procedures.)

D. Adjusting the Endowment Management Fee.

The Committee has the option of adjusting the endowment management fee up to the Uniform Prudent Management of Institutional Funds Act mandated maximum of 2%. The Committee also has the option of reducing the fee as long as the resulting fee income to the Foundation is adequate to fully fund operational and employee costs. (See Appendix 1 for related administrative procedures.)

E. Maintaining an Operational Reserve.

Recognizing that stability and continuity are important to good management and administration, the Management will seek to hold an operational reserve such that in down market years reductions in business operations and layoffs are unnecessary. In addition, Management will aim for a stable budget, and when necessary, plan for significant increases or cuts to the budget to meet extraordinary one-time costs.

VIII. Portfolio Investment Policies

A. Diversification – All Portfolios

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. Government, no single investment security shall represent more than 5% of total Portfolio assets.
2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or

investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.

3. With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

Other Investment Policies. Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

1. Purchasing securities on margin or executing short sales.
2. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
3. Engaging investment managers who promise to engage in such practices.

B. Asset Allocation-General

1. The Committee recognizes that the careful allocation of Portfolio assets among financial asset and sub asset categories with varying degrees of risk, return, and risk-return correlation will be the most significant determinant of long-term investment returns and achievement of Portfolio objectives for each of the Foundation's Portfolios.
2. The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Foundation, to the assumptions underlying Foundation spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

C. Asset Allocation Policy-Specific to the Endowment Portfolio and Excess Reserve Portfolio

1. Foundation assets comprising the Endowment and Excess Reserve Portfolios will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of equity investments will be to maximize the long-term real growth of Endowment and Excess Reserve Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more

stable periodic returns, and provide some protection against a prolonged decline in the market value of the equity investments.

2. Cash investments will, under normal circumstances, only be considered as temporary holdings in the Portfolio, and will be used for Foundation liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.
3. Exhibit A (below) presents the long-term strategic asset allocation guidelines, presently determined by the Committee to be the most appropriate for the Endowment, given the Foundation's long-term objectives and short-term constraints.

D. Asset Allocation Policy-Specific to the Reserve Portfolio

Assets are to be invested in cash or cash/equivalents or as outlined in Exhibit B (below). Any fixed income investment duration should be aligned with the potential need for funds; resulting is a duration target not to exceed 3 years. All investments are required to exceed a minimum standard of investment-grade (BBB or Baa)

E. Asset Allocation Policy-Specific to the Excess Reserve Portfolio

Exhibit C (below) reflects the asset allocation recommended by the Committee for the Excess Reserve Portfolio.

F. Asset Allocation Policy-Specific to the Title V Grant Endowment Portfolio

Exhibit D (below) reflects the asset allocation recommended by the Committee for the Title V Grant Endowment within the stated parameters of the grant bylaws.

G. Rebalancing

1. It is expected that the Endowment Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub asset classes. The Endowment and Excess Reserve Portfolio will be rebalanced to its target normal asset allocation under the following procedures:
 - i. The investment manager will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio or realign the current weightings closer to the target weightings for the Portfolio.

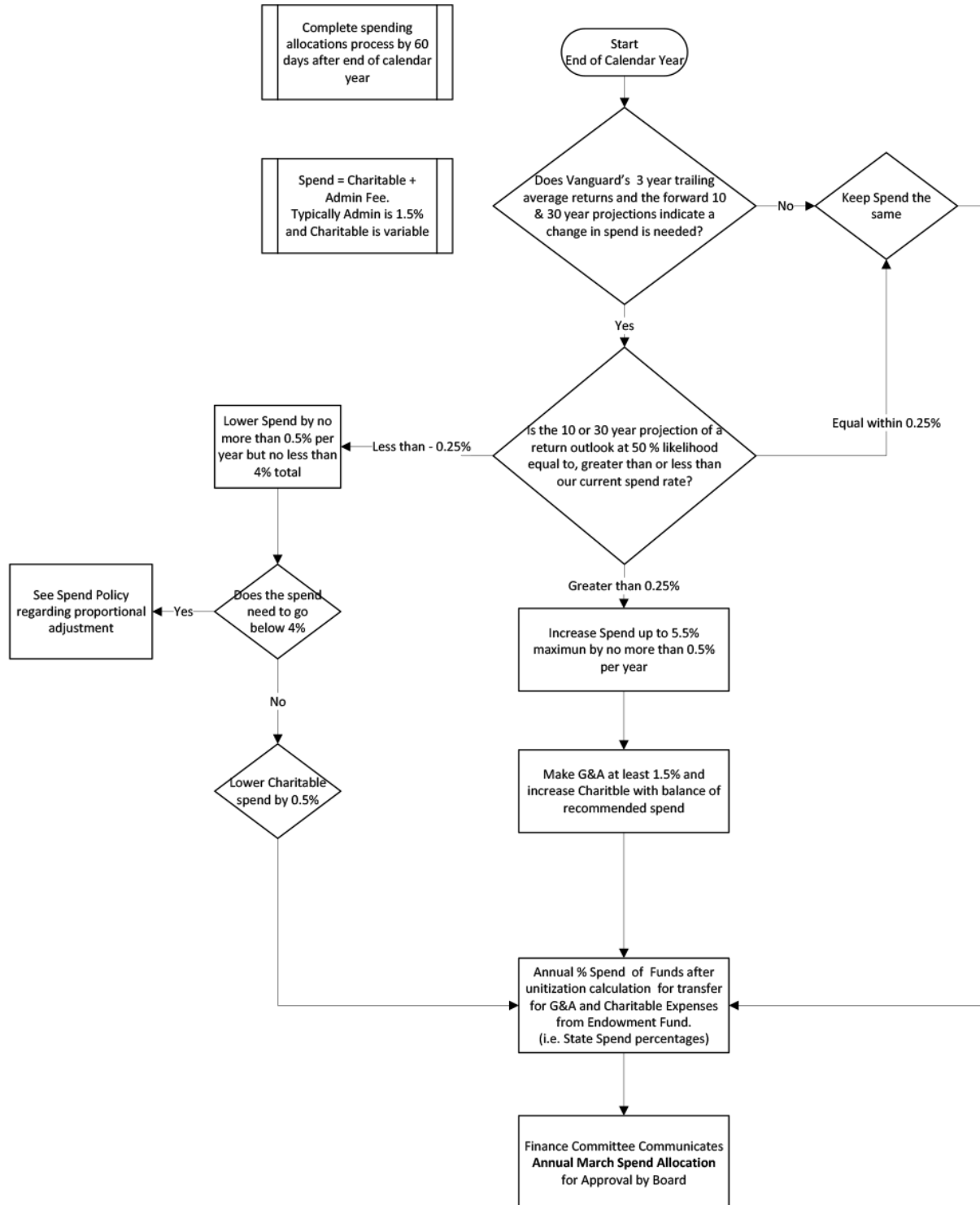
- ii. The investment manager will review the Portfolio quarterly to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
 - a. If any asset class (equity or fixed income) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.
 - b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced.
 - iii. The investment manager may provide a rebalancing recommendation at any time.
2. Performance shall be measured on a total return, time-weighted basis and presented for the most recent quarter, year-to-date, and the trailing years, three years, and five years. Performance for periods greater than one year shall be expressed on an annualized basis. To facilitate performance comparisons, investment results should be expressed both gross and net of fees.
3. The specific performance objective is to attain, within acceptable risk levels, an average annual long-term total return that meets or exceeds the sum of the Foundation's spending rate plus inflation (as measured by the CPI, consumer price index) plus investment management and related fees. In cases where the Foundation is appointed trustee of a charitable trust, the investment objective is to achieve a return that satisfies the distribution rate while retaining as much corpus as possible.

G. Reporting

Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or more frequently if requested by the Committee. Each investment manager is expected to be available to review portfolio structure, strategy, and investment performance annually with the Investment Committee.

Appendix

Investment and Spending Policy Flow Chart



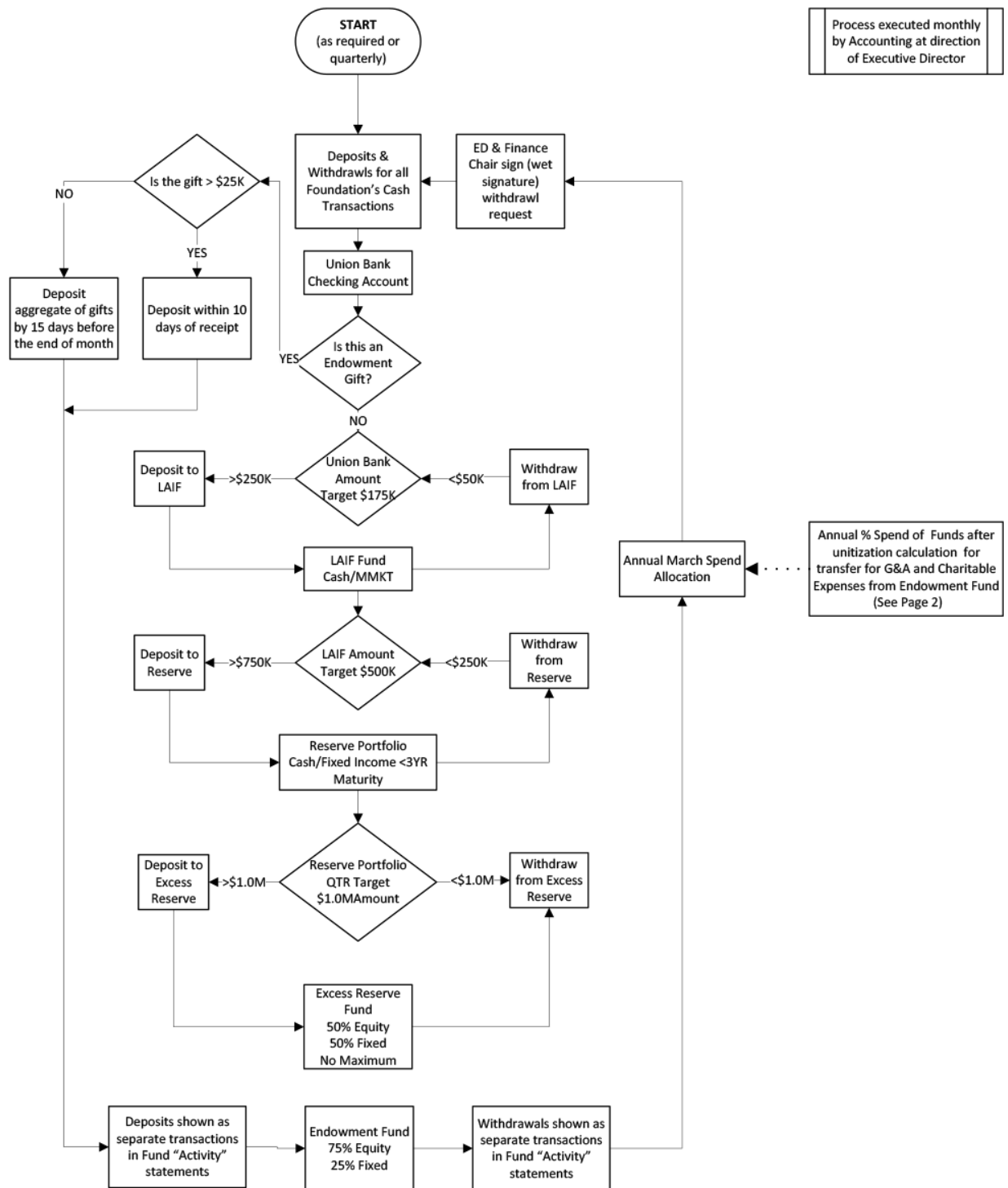


Exhibit A: Asset Allocation Guidelines for the "Endowment Portfolio"

ASSET CLASS	Conservative Limit	Target Allocation	Aggressive Limit
Equities			
U. S. Equities International	36%	45%	48%
Equities	24%	30%	32%
Total Equities	60%	75%	80%
Fixed Income			
U.S. Fixed Income International	28%	17.5%	14%
Fixed Income	12%	7.5%	6%
Total Fixed Income	40%	25%	20%
Cash and Cash Equivalents	10%	0%	0%

Exhibit B: Asset Allocation Guidelines for the "Reserve Portfolio"

Asset Class	Sub-Asset Class	Target Allocation
Equities		0%
	Domestic (U.S.) Equities	0%
	International (Non U.S.) Equities	0%
Fixed Income*		100.00%
	Domestic (U.S.) Investment Grade	100%
	International (Non U.S.) Bonds	0%
Total		100.00%

* Any fixed income investment duration should be aligned with the potential need for funds; resulting is a duration target not to exceed 3 years. All investments are required to exceed a minimum standard of investment-grade (BBB or Baa)

Exhibit C: Asset Allocation Guidelines for the "Excess Reserve Portfolio"

Asset Class	Sub-Asset Class	Target Allocation
Equities		50.00%
	Domestic (U.S.) Equities	30%
	International (Non U.S.) Equities	20%
Fixed Income		50.00%
	Domestic (U.S.) Investment Grade	35.00%
	International (Non U.S.) Bonds	15.00%
Total		100.00%

Exhibit D

a) A grantee shall invest, for the duration of the grant period, the endowment fund established under this part in savings accounts or in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located.

(b) When investing the endowment fund, the grantee shall exercise the judgment and care, under the circumstances, that a person of prudence, discretion and intelligence would exercise in the management of his or her own financial affairs.

(c) An institution may invest its endowment fund in savings accounts permitted under paragraph (a) of this section such as—

- (1) A federally insured bank savings account;
- (2) A comparable interest-bearing account offered by a bank; or
- (3) A money market fund.

(d) An institution may invest its endowment fund in low-risk securities permitted under paragraph (a) of this section such as—

- (1) Certificates of deposit;
- (2) Mutual funds;
- (3) Stocks; or
- (4) Bonds.

(e) An institution may not invest its endowment fund in real estate.

Administrative Procedures for providing to the Committee the Information they Need to Establish the Spending Policy

Established by Management: 11/10/2016

1. Within 60 days following the end of the calendar year, Management will provide to the Finance Committee the following information:
 - a. Rate of returns on the Endowment Fund for each of the three previous calendar years
 - b. Recommended spending rates based on the three-year trailing average value for the Endowment Fund and normal accounting procedures. The recommendations will include:
 - i. Endowment management fee, not to exceed to 2% (currently 1.5%)
 - ii. Recommended charitable purpose spending rate that is compliant with prudent management and industry best practices.
2. The process for allocating endowment earnings are as follows:
 - a. In accordance with Board policy, the endowment management fee (currently set at 1.5%) is allocated first to the operational fund for the Foundation.
 - b. Funds are secondly allocated for charitable purposes (currently set at 3.5%) as designated by the donor or for allocation by the Board.
 - c. The calculation that is currently used to establish the Foundation maximum spending is as follows: 1.5% (endowment management fee + 4% (charitable purpose allocations) = 5.5% (maximum spending limit as established by policy)
3. When earnings are below the Board's established spending limits:
 - a. If the three-year average growth rate of the Endowment Portfolio were to decline, and 5.2% was determined to be the prudent maximum spending rate, the calculation to derive charitable spending would be: 5.2% (earnings) – 1.5% (endowment management fee) = 3.7% for charitable purpose allocations.
4. Adjusting the endowment management fee: In the occurrence when endowment portfolio earnings drop below 5.5%, the Finance Committee may consider reducing the 1.5% endowment management fee, so long as the funding provided is adequate to fully fund the Foundation's business and operating costs, including essential and

productive staff positions. If the management fee is to be reduced, the reduction should be proportional. Here is an example:

- a. The 1.5% endowment management fee expressed as a percentage of the 5.5 distribution is 27.27% ($1.5\% / 5.5\% = 27.27\%$) Therefore, if the earnings were to decline to 4.9% and the Committee agreed to proportionally reduce the management fee, the calculation would be as follows, $(4.9\% \times 27.27\%) / 100 = 1.34\%$. This would provide a 1.34% spending rate for charitable purposes.

**Approved by the MCCF Board on August 27, 2024

Background and Purpose

The Office of Development of MiraCosta College (the “College”) and the MiraCosta College Foundation (the “Foundation”) are responsible for the following:

Coordinating the College's outreach programs to alumni, the community, business and industry, and private agencies with the aim of helping the College achieve its goals so that academic quality and service to the region can be maintained and advanced.

Managing the acceptance and processing of all gifts made to the College and maintaining all donor records. This policy statement has been adopted by the Foundation Board of Directors (the “Board”) to provide general information about the criteria and framework by which donations may be accepted or recommended to the Board for acceptance.

This information should not be interpreted as legal advice, nor is this policy intended to override current IRS code and regulations.

The Foundation is an IRS-qualified, Section 501(c)(3) tax-exempt charitable-educational organization. The state of California has classified the Foundation as a nonprofit public benefit corporation under the Nonprofit Corporation Law.

General Policy

- A. Only gifts, bequests, devises, endowments, trusts, and similar funds that further the mission of the College and are designed for use by the College or the Foundation for College-related programs or projects may be considered for acceptance.
- B. Except as provided below, the Vice President, Institutional Advancement, or her/his designee, has authority to accept gifts or related funds and instruments designated by the donor/grantor 1) for purposes or uses previously approved by the Board or 2) for established, instructional or support programs and functions of the College authorized by the College President or her/his designee.
- C. Gifts that are exceptions to these policies may be submitted for consideration to the College President or designee and the Vice President, Institutional Advancement.

Special Gifts Acceptance

New College programs or donations involving a substantial or unique obligation of the Foundation shall be submitted to the College President or designee and the Vice President, Institutional Advancement for review and consideration as to acceptability and conformance with College regulations (particularly [California Code of Regulations Section 42500\(c\)](#) regarding real property, if applicable) and then to the Board for approval.

Gifts of Tangible Personal Property and Equipment (Gifts-In-Kind)

- A. Prior to acceptance of donations of personal property or company product, other than books or materials donated to the Library, the following information about the proposed donation must be provided on/or accompany the Gift-In-Kind form with required signatures:
 - 1. Description of item(s)
 - 2. Estimated value of gift
 - 3. Area in which item is to be used and/or stored
 - 4. Proposed use of item, or plan to convert asset
 - 5. Restrictions on gift
 - 6. Specifics as to the funding of any related expenditures, both initial and ongoing.
 - 7. Costs may include but aren't limited to storage, transportation, and transaction costs.
- B. Acceptance
 - 1. Gifts of tangible, personal property (e.g., artwork, antiques, furniture, automobiles) are accepted only upon written approval by the College President or designee and the Vice President, Institutional Advancement. Such acceptance shall be based upon a reasonable plan to use, sell or otherwise convert the property to a usable asset.
 - 2. Gifts of equipment related to the academic mission of the College shall be accepted only upon written approval by the College President or designee and the Vice President, Institutional Advancement.
 - 3. Gifts of books, documents, art objects, artifacts, and related materials to be housed in the Library are accepted only upon written acknowledgment by the Dean of Library or her/his designee.
 - 4. Items to be used for resale or auctioning for fundraising purposes are to be deemed acceptable and received by a College Development Officer. The Gift-in-Kind Form for Fundraising Events is to be used for documenting receipt of these gifts.

5. Gifts of software are to be received only upon written approval of the College President or designee and the Vice President, Institutional Advancement.

C. Valuation

1. For donations valued in excess of \$5,000 the donor is responsible for acquiring a qualified appraisal. The donor should submit an appraisal with the Gift-in-Kind form.
2. Donors are responsible for determining the value of donated tangible property with values of less than \$5,000 for purpose of charitable deductions related to their personal tax filings.
3. Gifts of software are to be valued according to the following College policy:
 - a. Book the educational discount price, which is the price the college would have paid for the product using its educational discount if applicable.
 - b. Only the license value (using the educational discount if applicable) of the software is to be booked. The number of seats is not to be considered in determining the value.
 - c. Any fee charged to the campus or department for the license is to be deducted from the total gift value booked.
 - d. No software gift should be booked for more than three years when received as a multi-year gift.
 - e. If the donor provides IRS Form 8283, book the gift according to the Form, unless the amount is known to be more than the educational discount.
4. The acceptance of a gift does not indicate the Foundation's or the College's agreement with the valuation provided by the donor or the appraisal.

D. Resale or Usage

1. Per [IRS Form 8283](#), if donated property in excess of \$5,000 is sold, exchanged or otherwise disposed of within three years of receipt, the Foundation it will file [Form 8282](#), Donee Information Return, with the IRS and give the donor a copy of that form.
2. The department utilizing the donated property is responsible for arranging transfer, receipt, and maintenance and storage of the equipment.

Gifts of Real Property

A. Prior to acceptance, gifts of real property must:

1. Have a completed and satisfactory title search for residential property and a satisfactory Phase I Environmental Site Assessment for commercial and other non-residential property.
2. Include a recent, qualified appraisal no older than six months.
3. Be approved in writing by the College President where the amount of the property transaction is \$250,000 or more.

B. Acceptance

Gifts of real property are accepted only upon approval in writing by the College President or designee and the Board, based upon the outlined criteria for acceptable property and based upon a reasonable plan to use, resell, or otherwise convert the property to a usable asset.

C. Generally, real property gifts which are not acceptable includes:

1. Property with no resale value or that is not eminently resalable.
2. Property that is mortgaged or in some other way indebted or if it would incur unreasonable or unacceptable expenses or risks once accepted.

D. Valuation

1. Property will be accepted at the appraised value as of the date of acceptance based upon the qualified appraisal no older than six months.
2. The College and the Foundation have no responsibility for affixing value to any gift on behalf of the donor. The donor will bear the costs of the qualified appraisal.

E. Resale or Usage.

1. Property to be held.
 - a. Property intended to be held must be held as a College or Foundation asset.
 - b. Its use must be implemented within the guidelines of the Campus Master Plan or the Foundation's Business Plan.
2. Property to be sold

- a. All property to be sold will be sold by the Foundation, the Office of Fund Development or a selected agent.
- b. Costs of the sale of property will be deducted from the sale proceeds.
- c. If property is accepted in trust, the donor may be asked to make additional gifts to cover any additional costs that cannot be deducted from the sale proceeds.

Gifts of Securities, Limited Partnerships and Other Intangible Property

A. Acceptance Gifts of securities meeting the criteria below will be accepted:

1. Gifts of readily marketable (publicly traded) securities.
2. Gifts of securities which are not readily marketable (publicly traded) under the following conditions: Gifts of closely held corporate stock will be accompanied by a qualified appraisal of the stock's value as supplied by the donor.
3. The stock's sale can only be restricted for the length of time agreed upon by the College and the donor at the time of the gift.
4. Gifts of bonds and other securities or papers that require a "holding" period or have a maturity date will be accepted.

Gifts of securities meeting the criteria below will not be accepted:

- a. Securities which could create a liability to the College or the Foundation.
- b. Securities which, by their nature, may not be assigned (e.g., series "E" bonds).
- c. Securities which, upon investigation, have no apparent value.

B. Valuation

1. Gifts of readily marketable securities will be valued in accordance with IRS code and regulations.
2. Gifts of securities which are not readily marketable will be valued based upon the qualified appraisal supplied by the donor as of the day of acceptance and in accordance with IRS code and regulations.
3. Resale or usage
 - a. Gifts of readily marketable securities will be converted to cash as soon as possible. If market conditions at the time of the gift favor holding the

instruments until a more appropriate time for liquidation, Board approval must be obtained.

Gifts of Life Insurance

A. Prior to acceptance of donations of insurance policies naming the Foundation as owner or beneficiary, the following information about the proposed donation must be provided.

1. Description of the type of life insurance policy
2. Face value
3. Premium payment schedule
4. Interest or dividend rate
5. Age of insured(s)
6. Purpose of gift

B. In general, insurance policies must meet the following conditions:

1. Insurance with cash value, which is fully paid up.
 - a. Donor must agree for policy to be cashed in immediately for its cash surrender value.
 - b. The Foundation must be named the owner (not just beneficiary) of the policy.
2. Insurance with cash value, which is partially paid on or which no payments have been made at the time of the gift.
 - a. Gift must have a cash value of at least \$1,000.
 - b. The Foundation must be named as the beneficiary.
 - c. Donor must make a written pledge to continue paying the premiums on the policy.
 - d. If no payment is received from the donor within sixty (60) days of the premium due date, the Foundation shall determine whether to continue the policy in force or surrender for its cash value.
3. Term life
 - a. The Foundation must be named as the owner or beneficiary.

- b. Donor must make a written pledge to continue paying the premiums on the policy.
- c. If no payment is received from the donor within 30 days of the premium due date, the Foundation may continue to pay premiums on the policy at its option or the policy will be allowed to lapse.

C. Acceptance

Gifts of life insurance will be accepted upon written approval by the College President or designee and the Vice President, Institutional Advancement.

D. Valuation

- 1. College recognition will be given equal to annual premiums made by donor if the Foundation owns the policy.
- 2. The value of paid-up life insurance gifts will be recorded and reported at cash surrender value rather than face value of the policy, in accordance with Council for the Advancement and Support of Education/ National Association of College and University Business Officers guidelines.

Charitable Remainder Trusts (Unitrust, Annuity Trust, Lead Trust)

A. Acceptance Charitable remainder trusts (unitrust, annuity trust, lead trust) are acceptable under the following conditions:

- 1. When the gift's vehicle irrevocably transfers the remainder interest of the asset's value to the MiraCosta College Foundation upon the following:
 - a. Death of the named income beneficiaries
 - b. End of a specified term of no more than 20 years
- 2. Donor can name himself or herself and/or others as income recipients, with payments payable concurrently or consecutively.
- 3. Donor cannot stipulate in the trust agreement that the original assets placed in the trust be retained for the life of the trust.

B. Minimum Funding Level

- 1. The minimum suggested amount to establish a charitable remainder trust shall be \$100,000.

2. Should other factors indicate an exception would be in the best interests of the College or the Foundation, the amount of the initial gift may be less than \$100,000 with prior College President and Board approval.

C. Minimum Age Levels

1. The minimum age of beneficiaries of all life income gifts is 55 years of age at the time payments begin.
2. For trusts of terms of years, the minimum age requirement and payment rate are subject to negotiation with acceptance by the College President and the Vice President, Institutional Advancement.

D. Rate of Payment

1. The fixed percentage cannot be less than the amount allowed by current IRS code and regulations and is established when the trust is created and cannot be changed. The maximum payment limitations are dependent upon the ages of the beneficiaries, types of trust, anticipated investment strategy and prevailing economic conditions.
2. The fixed percentage rate can be suggested by the donor but is subject to negotiation. However, rates higher than 8 percent require College President or designee and Board approval.
3. The Foundation will periodically review the administration and income distribution activities of charitable trusts.
4. There shall be no more than two generations of income beneficiaries.

E. Funding Assets

1. Gifts of cash and appreciated securities are appropriate for these charitable trusts.
2. Gifts of real estate or other non-liquid assets may be appropriate when the net income from the real estate or other non-liquid assets exceeds the required payout or when the trust document incorporates make up provisions.

Revised by the full board on 8.16.22.

Meeting and Event Calendar: July 1, 2025 to June 30, 2026

Quarterly Board Meetings

(In-Person, Location Varies – See Calendar Invite)

3:00 – 5:00 p.m. Tuesday, August 26, 2025

3:00 – 5:00 p.m. Tuesday, November 18, 2025

3:00 – 5:00 p.m. Tuesday, February 24, 2026

3:00 – 6:00 p.m. Tuesday, June 2, 2026

Finance Committee Meetings

(3333 Manchester Blvd, Encinitas, CA 92007)

2:00 – 3:30 p.m. Tuesday, August 12, 2025

2:00 – 3:30 p.m. Tuesday, November 4, 2025

2:00 – 3:30 p.m. Tuesday, February 10, 2026

2:00 – 3:30 p.m. Tuesday, May 19, 2026

Audit Committee Meetings

(3333 Manchester Blvd, Encinitas, CA 92007)

1:00 – 1:30 p.m. Tuesday, August 5, 2025

1:00 – 1:30 p.m. Tuesday, May 19, 2026

Ad hoc Innovation Grants & Scholarships Committee Meetings

(1 Barnard Dr., Oceanside, CA 92056 or Zoom)

1:00 – 2:00 p.m. Tuesday, July 29, 2025

2:00 – 3:00 p.m. Tuesday, October 21, 2024

2:00 – 3:00 p.m. Tuesday, January 20, 2026

2:00 – 4:00 p.m. Tuesday, May 5, 2026

Ad hoc Resource Development Committee Meetings

(Zoom)

2:00 – 2:45 p.m. Monday, August 11, 2025

2:00 – 2:45 p.m. Monday, December 1, 2025

2:00 – 2:45 p.m. Monday, April 6, 2026

Governance and Nominations Meetings

(3333 Manchester Blvd, Encinitas, CA 92007)

2:00 – 3:00 p.m. Tuesday, August 5, 2025

2:00 – 3:00 p.m. Tuesday, October 28, 2025

2:00 – 3:00 p.m. Tuesday, February 3, 2026

2:00 – 3:00 p.m. Tuesday, May 12, 2026

Executive Committee Meetings

(3333 Manchester Blvd, Encinitas, CA 92007)

3:45 – 5:00 p.m. Tuesday, August 12, 2025

3:45 – 5:00 p.m. Tuesday, Nov 4, 2025

3:45 – 5:00 p.m. Tuesday, February 10, 2026

3:45 – 5:00 p.m. Tuesday, May 19, 2026

Community Leaders Breakfast

(5480 Grand Pacific Dr, Carlsbad, CA 92008)

October 17, 2025 @ 7:00 – 9:00 a.m

MiraCosta College Foundation

August 12, 2025

A business of Marsh McLennan

1. Executive Summary
2. Performance Summary
3. OBBBA Implications for Higher Ed
4. Markets and Macro

Contents

Executive Summary

2025.08.12 MCCF Finance Committee Meeting Packet Page 40 of 94



Q2 Executive Summary

2025.08.12 MCCF Finance Committee Meeting Packet Page 41 of 94

Asset Allocation (S/B): Endowment 77.2/22.8; Excess Reserve: 53/47; Title V Grant Endowment: 75.9/24.1

Cash Flows: Endowment: \$699,558.59 Q2 (\$699,558.59 YTD)

Equity Performance Summary:

April: Equity markets experienced major swings as a result of April 2nd “Liberation Day”, followed by the April 9th 90-day pause.

CRSP US Total Market: -0.7% (-5.5% YTD); FTSE Global All-Cap ex-US: +3.6% (+8.3% YTD)

May: Global Equities had a strong month despite continued trade whipsaws and elevated volatility. The U.S. and U.K. announce a trade deal in early May, and a 90-day pause on reciprocal tariffs in China was announced. At the end of the month, a federal court ruled against reciprocal and 10% baseline tariffs, though it let sector specific tariffs stay in place (current tariffs will remain in place during the appeal).

CRSP US Total Market: +6.3% (+0.5 YTD); FTSE Global All-Cap ex-US: +4.8% (+13.6% YTD)

June: After a Q1 which saw the Mag 7 drop 16%, June saw a monthly increase of 6%. Israeli strikes on Iran briefly caused oil prices to rise which temporarily rattled markets. A weakening U.S. dollar continued to help non-U.S. stock returns.

CCRSP US Total Market: +5.1% (+5.6 YTD); FTSE Global All-Cap ex-US: +3.5% (+17.4% YTD)

Sectors: YTD sector performance through May was mixed with 7 of the 11 U.S. sectors in the green. Notably, Consumer Discretionary (-5.2%) and Healthcare (-3.8%) were laggards, outperformed by Industrials (+8.7%), Utilities (+7.7%).

Volatility: In Q1 CBOE Volatility Index (VIX), which represents a 30-day forward projection of volatility, remained between 20 and 30, indicating investors have a moderate level of market fear. The VIX spiked to 60 at the open on April 9th and ended April at under 25, ending May at 18.48, and ending June at 16.73 (suggesting calmer investor sentiment heading into July).

Valuation: At the end of June, the S&P 500's forward 12-month PE ratio was ~21.9 which is up slightly from 21.5 at YE 2024, and above the 5-year and 10-year averages of 19.9 and 18.4, respectively.

Fixed Income Performance Summary:

Moody's Ratings downgraded the US. sovereign credit rating May 16th from Aaa to Aa1, marking the first time since 1917 that the U.S. has not held a top-tier rating from any of the 3 major credit agencies. Notably, The 30-year U.S. Treasury rose sharply, briefly surpassing 5%, reflecting investor concerns over the nation's fiscal trajectory.

Yields: 3Mo: 4.29% (-0.03% YTD) 2Yr: 3.71% (-.53%) 5Yr: 3.79% (-.59%) 10Yr: 4.23% (-.34%) 30Yr: 4.79% (0.0%)

Bloomberg US AGG: +1.4% (+3.9% YTD)

Bloomberg non-US AGG (hedged): +2.0% (+1.9% YTD)

Q2 Executive Summary (cont.)

Economic Key Highlights:

Jerome Powell's said, he "can't say" if July is too soon for a rate cut , and that any decision hinges on upcoming data particularly inflation and labor metrics. He acknowledged that, "were it not for tariffs, the Fed would have already cut rates in 2025". Additionally, the Fed raised its core PCE projections for 2025 to 3.1% (from 2.1% in March) and decreased its median GDP growth projection to 1.4% (from 1.7% in March).

Monetary: The Fed voted unanimously to hold interest rates steady at 4.25 - 4.5% for the third straight meeting, following 3 consecutive rate reductions that began last September. Additionally, the Fed announced that it will further slow the pace of its balance sheet run-off (quantitative tightening) in April, by reducing the monthly cap on U.S. Treasury redemption to \$5B from \$25B.

Inflation: Core PCE +2.7% YoY in June (2.5% YoY headline PCE). Core CPI increased 2.9% YoY in June (2.7% YoY Headline CPI).

GDP: First Q2 print of 3.0% bested a 2.6% expectation driven largely by a decrease in imports, while domestic demand increased at its slowest pace in 2 1/2 years. 3rd Q1 revision was -0.5%, driven primary by a surge of imports, which subtracted 4.9% from GDP. Most forecasts converge around 1.6% to 2.4% growth range for U.S. GDP in 2025.

Jobs: Unemployment dropped slightly in June to at 4.1,% driven by a lower participation rate. in June U.S. economy added 147,000 jobs. Public sector jobs saw the largest increase -- driven by state and local government -- followed by education and healthcare.

Hourly earnings: June average hourly earnings were soft, increasing 0.2% MoM, which brings the 3 month annualized rate to 3.7%.

Earnings Growth: S&P 500 YoY Q1 earnings growth of 13.4% in Q1 surpassed 7.3% estimate marking the 7th straight quarter of YoY earnings growth. Approximately 78% of companies exceeded earnings, inline with historic averages. Projected S&P 500 corporate EPS (consensus) is forecast to grow 9-11% CY 2025, down from 14% estimate at the start of the year (down from Q4 2024 YoY growth of 18.6%, largest YoY gain since 2021).

Consumer: The May Consumer Confidence Index (CCI) stopped 5 consecutive months of decline and increased to 98.0, up from 86 in April which was its lowest reading since March 2020 (CCI above 100 indicates consumers are more optimistic).

Currency: USD -10.7% YTD through June (compared to USD Index increase of 7.1% in 2024). The softest first half for the U.S. Dollar since the 1970's.

Performance Summary

2

Portfolio valuation snapshot
MiraCosta College Foundation

Endowment	15,878,124	15,900,341	16,618,280
Excess Reserve Portfolio	3,925,407	3,942,860	4,655,903
Reserve Portfolio	1,098,476	1,111,799	1,124,551
Title V Grant Endowment	506,211	505,205	550,024
Total	21,408,218	21,460,205	22,948,758

As of June 30, 2025

Endowment (75/25)	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
	3.81%	9.11%	8.73%	14.02%	13.66%	10.34%	8.42%	8.40%	01/31/2014
Client portfolio (net)	3.81%	9.04%	8.59%	13.73%	13.38%	10.09%	8.16%	8.14%	01/31/2014
Policy benchmark	3.63%	9.02%	8.63%	13.82%	13.55%	10.20%	8.37%	8.37%	01/31/2014

Excess Reserve Portfolio (50/50)	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	Since inception	Inception date
Client portfolio (gross)	3.00%	6.76%	7.30%	11.93%	10.35%	6.46%	6.71%	03/31/2016
Client portfolio (net)	3.00%	6.70%	7.18%	11.65%	10.08%	6.22%	6.46%	03/31/2016
Policy benchmark	2.82%	6.46%	6.89%	11.23%	9.98%	6.31%	6.54%	03/31/2016

Reserve Portfolio (100% fixed income)	1 mo	3 mo	YTD	1 yr	Since inception	Inception date
Client portfolio (gross)	0.55%	1.21%	2.50%	5.76%	5.52%	03/31/2023
Client portfolio (net)	0.55%	1.15%	2.37%	5.50%	5.26%	03/31/2023
Policy benchmark	0.42%	0.97%	2.06%	5.10%	4.85%	03/31/2023

Title V Endowment (75/25)	1 mo	3 mo	YTD	1 yr	Since inception	Inception date
Client portfolio (gross)	3.75%	8.94%	8.79%	14.14%	14.66%	12/31/2023
Client portfolio (net)	3.75%	8.87%	8.66%	13.85%	14.42%	12/31/2023
Policy benchmark	3.63%	9.02%	8.63%	13.82%	14.37%	12/31/2023

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Performance summary

Miracosta College Foundation - Endowment Portfolio

For the periods ended June 30, 2025

	Market value (\$)	% of portfolio	Policy benchmark	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
Client portfolio (gross)	\$16,618,280	100.0%	100.0%	3.81%	9.11%	8.73%	14.02%	13.66%	10.34%	8.42%	8.40%	01/31/2014
Client portfolio (net)				3.81%	9.04%	8.59%	13.73%	13.38%	10.09%	8.16%	8.14%	01/31/2014
<i>Policy benchmark</i>				3.63%	9.02%	8.63%	13.82%	13.55%	10.20%	8.37%	8.37%	01/31/2014
Equity	\$12,825,126	77.2%	75.0%	4.60%	11.44%	10.27%	16.36%	17.02%	13.69%	10.32%	10.30%	01/31/2014
<i>Equity - Policy benchmark</i>				4.45%	11.60%	10.34%	16.41%	17.14%	13.77%	10.33%	10.29%	01/31/2014
Domestic Equity	\$7,645,190	46.0%	45.0%	5.08%	10.99%	5.64%	15.10%	19.03%	15.86%	12.91%	12.87%	01/31/2014
International Equity	\$5,179,936	31.2%	30.0%	3.90%	12.11%	18.29%	18.33%	13.85%	10.31%	6.29%	6.04%	01/31/2014
Fixed Income	\$3,793,154	22.8%	25.0%	1.25%	1.69%	3.45%	6.40%	3.46%	-0.10%	2.19%	2.30%	01/31/2014
<i>Fixed Income - Policy benchmark</i>				1.18%	1.44%	3.35%	6.06%	2.95%	-0.46%	1.97%	2.13%	01/31/2014
Domestic Fixed Income	\$2,663,794	16.0%	17.5%	1.62%	1.57%	4.16%	6.51%	3.41%	-0.14%	2.20%	2.27%	01/31/2014
International Fixed Income	\$1,129,360	6.8%	7.5%	0.36%	2.03%	1.82%	6.13%	3.56%	-0.02%	2.17%	2.45%	01/31/2014

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Performance summary-by securities

Miracosta College Foundation - Endowment Portfolio

For the periods ended June 30, 2025

	Market value (\$)	% of portfolio	Policy benchmark	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
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Client portfolio (net)				3.81%	9.04%	8.59%	13.73%	13.38%	10.09%	8.16%	8.14%	01/31/2014
<i>Policy benchmark</i>				3.63%	9.02%	8.63%	13.82%	13.55%	10.20%	8.37%	8.37%	01/31/2014
Equity	\$12,825,126	77.2%	75.0%	4.60%	11.44%	10.27%	16.36%	17.02%	13.69%	10.32%	10.30%	01/31/2014
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Domestic Equity	\$7,645,190	46.0%	45.0%	5.08%	10.99%	5.64%	15.10%	19.03%	15.86%	12.91%	12.87%	01/31/2014
<i>Domestic Equity - Policy benchmark</i>				5.08%	11.00%	5.65%	15.13%	19.03%	15.87%	12.91%	12.88%	01/31/2014
Vanguard Total Stock Market Index Fund Institutional Shares	\$7,645,190	46.0%	-	5.08%	10.99%	5.64%	15.10%	19.03%	15.86%	-	14.69%	09/30/2019
<i>Spliced Total Stock Market Index</i>				5.08%	11.00%	5.65%	15.13%	19.03%	15.87%	-	14.69%	09/30/2019
<i>Multi-Cap Core Funds Average</i>				4.60%	9.75%	5.28%	12.74%	16.00%	13.74%	-	12.18%	09/30/2019
International Equity	\$5,179,936	31.2%	30.0%	3.90%	12.11%	18.29%	18.33%	13.85%	10.31%	6.29%	6.04%	01/31/2014
<i>International Equity - Policy benchmark</i>				3.51%	12.43%	17.54%	17.86%	13.98%	10.40%	6.34%	6.05%	01/31/2014
Vanguard Total International Stock Index Fund Institutional Shares	\$5,179,936	31.2%	-	3.90%	12.11%	18.29%	18.33%	13.85%	-	-	5.06%	04/30/2021
<i>Spliced Total International Stock Index</i>				3.51%	12.43%	17.54%	17.86%	13.98%	-	-	4.98%	04/30/2021
<i>International Funds Average</i>				3.06%	11.92%	19.06%	18.12%	14.84%	-	-	5.03%	04/30/2021

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Performance summary-by securities

Miracosta College Foundation - Endowment Portfolio

For the periods ended June 30, 2025

	Market value (\$)	% of portfolio	Policy benchmark	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
Fixed Income	\$3,793,154	22.8%	25.0%	1.25%	1.69%	3.45%	6.40%	3.46%	-0.10%	2.19%	2.30%	01/31/2014
<i>Fixed Income - Policy benchmark</i>				1.18%	1.44%	3.35%	6.06%	2.95%	-0.46%	1.97%	2.13%	01/31/2014
Domestic Fixed Income	\$2,663,794	16.0%	17.5%	1.62%	1.57%	4.16%	6.51%	3.41%	-0.14%	2.20%	2.27%	01/31/2014
<i>Domestic Fixed Income - Policy benchmark</i>				1.51%	1.22%	4.00%	6.07%	2.61%	-0.71%	1.80%	1.94%	01/31/2014
Vanguard Total Bond Market Index Fund Admiral Shares	\$1,331,348	8.0%	-	1.58%	1.29%	4.09%	6.04%	2.59%	-0.74%	1.75%	1.89%	01/31/2014
<i>Spliced Bloomberg U.S. Aggregate Float Adjusted Index</i>				1.51%	1.22%	4.00%	6.07%	2.61%	-0.71%	1.80%	1.94%	01/31/2014
<i>Spliced Intermediate Investment-Grade Debt Funds Average</i>				1.61%	1.32%	4.02%	6.13%	2.87%	-0.34%	1.77%	1.88%	01/31/2014
Vanguard Short-Term Investment-Grade Fund Admiral Shares	\$713,315	4.3%	-	0.97%	1.85%	3.89%	7.41%	4.97%	2.11%	2.57%	2.45%	01/31/2014
<i>Bloomberg U.S. 1-5 Year Credit Bond Index</i>				0.92%	1.78%	3.80%	7.14%	4.73%	1.94%	2.56%	2.45%	01/31/2014
<i>1-5 Year Investment-Grade Debt Funds Average</i>				0.83%	1.50%	3.24%	6.38%	3.79%	1.66%	1.92%	1.80%	01/31/2014
Vanguard Long-Term Investment-Grade Fund Admiral Shares	\$324,751	2.0%	-	2.99%	1.03%	3.81%	4.56%	1.54%	-3.44%	-	1.34%	01/31/2019
<i>Bloomberg U.S. Long Credit A or Better Bond Index</i>				3.01%	1.08%	3.69%	4.62%	1.51%	-3.46%	-	1.11%	01/31/2019
<i>Corporate A-Rated Debt Funds Average</i>				2.05%	1.10%	4.11%	5.83%	2.50%	-0.81%	-	1.69%	01/31/2019

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Performance summary-by securities

Miracosta College Foundation - Endowment Portfolio

For the periods ended June 30, 2025

	Market value (\$)	% of portfolio	Policy benchmark	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	\$294,380	1.8%	-	1.93%	2.66%	5.50%	8.62%	5.33%	0.84%	2.96%	3.02%	01/31/2014
<i>Bloomberg U.S. 5-10 Year Credit Bond Index</i>				1.87%	2.55%	5.40%	8.41%	5.15%	0.79%	3.16%	3.29%	01/31/2014
<i>Spliced Core Bond Funds Average</i>				1.61%	1.32%	4.02%	6.13%	2.87%	-0.34%	1.77%	1.88%	01/31/2014
International Fixed Income	\$1,129,360	6.8%	7.5%	0.36%	2.03%	1.82%	6.13%	3.56%	-0.02%	2.17%	2.45%	01/31/2014
<i>International Fixed Income - Policy benchmark</i>				0.42%	1.95%	1.83%	6.01%	3.69%	0.07%	2.34%	2.63%	01/31/2014
Vanguard Total International Bond Index Fund Admiral Shares	\$1,129,360	6.8%	-	0.36%	2.03%	1.82%	6.13%	3.56%	-0.02%	2.17%	2.45%	01/31/2014
<i>Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged</i>				0.42%	1.95%	1.83%	6.01%	3.69%	0.07%	2.34%	2.63%	01/31/2014
<i>International Income Funds Average</i>				1.56%	4.48%	6.32%	9.12%	4.27%	-0.05%	1.18%	0.84%	01/31/2014

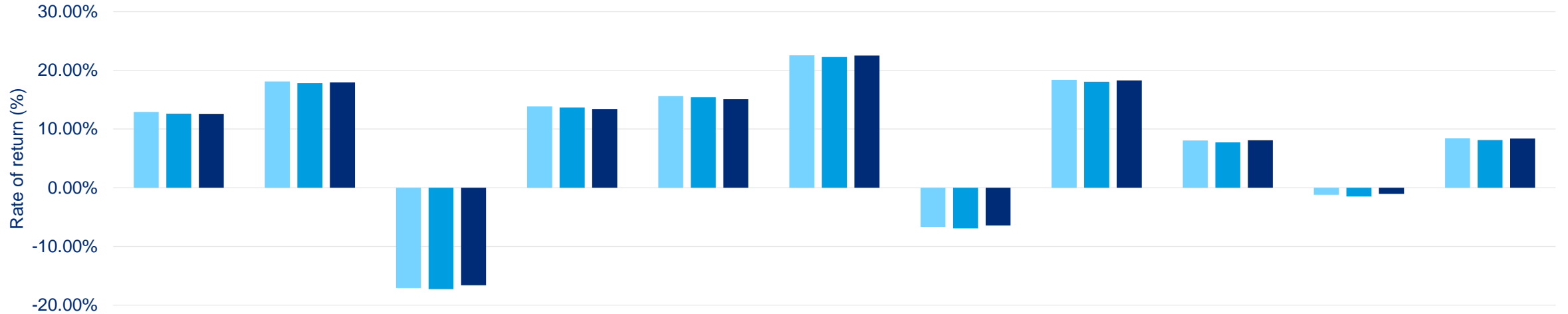
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Portfolio performance-annual periods

Miracosta College Foundation - Endowment Portfolio

For the period ended June 30, 2025



	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	SI 01/31/2014
● Gross return	12.93%	18.09%	-17.07%	13.86%	15.64%	22.55%	-6.66%	18.38%	8.05%	-1.18%	8.40%
● Net return	12.64%	17.80%	-17.28%	13.66%	15.44%	22.28%	-6.91%	18.06%	7.73%	-1.48%	8.14%
● Policy benchmark	12.60%	17.95%	-16.59%	13.40%	15.10%	22.51%	-6.41%	18.28%	8.10%	-1.04%	8.37%

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Cash flow and market value summary

Miracosta College Foundation - Endowment Portfolio

For the periods ended June 30, 2025

	Last month	Last three months	Year-to-date	One year
Beginning Market Value	\$16,007,841.88	\$15,900,341.29	\$15,878,123.73	\$15,122,700.34
Net Cash Flow	\$0.00	-\$636,327.78	-\$556,818.09	-\$535,240.79
Contributions	\$0.00	\$73,168.52	\$162,602.04	\$208,733.21
Redemptions	\$0.00	-\$699,558.59	-\$699,558.59	-\$704,615.41
Advisory Fees	\$0.00	-\$9,937.71	-\$19,861.54	-\$39,358.59
Net Investment Change	\$610,438.29	\$1,354,266.66	\$1,296,974.52	\$2,030,820.62
Net Capital	\$539,505.08	\$1,259,106.60	\$1,124,705.17	\$1,627,136.15
Investment Income	\$70,933.21	\$95,160.06	\$172,269.35	\$403,684.47
Ending Market Value	\$16,618,280.17	\$16,618,280.17	\$16,618,280.17	\$16,618,280.17

Investment expense summary

Miracosta College Foundation - Endowment Portfolio

As of June 30, 2025

	Market value (\$)	% of portfolio	Expense ratio	Estimated expense
Total Equity	\$12,825,126.12	77.2%		\$5,401.52
Domestic Equity	\$7,645,189.80	46.0%		\$2,293.56
Vanguard Total Stock Market Index Fund Institutional Shares	\$7,645,189.80	46.0%	0.030%	\$2,293.56
International Equity	\$5,179,936.32	31.2%		\$3,107.96
Vanguard Total International Stock Index Fund Institutional Shares	\$5,179,936.32	31.2%	0.060%	\$3,107.96
Total Fixed Income	\$3,793,154.05	22.8%		\$2,893.58
Domestic Fixed Income	\$2,663,794.28	16.0%		\$1,764.22
Vanguard Total Bond Market Index Fund Admiral Shares	\$1,331,348.06	8.0%	0.040%	\$532.54
Vanguard Short-Term Investment-Grade Fund Admiral Shares	\$713,315.09	4.3%	0.090%	\$641.98
Vanguard Long-Term Investment-Grade Fund Admiral Shares	\$324,751.33	2.0%	0.100%	\$324.75
Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	\$294,379.80	1.8%	0.090%	\$264.94
International Fixed Income	\$1,129,359.77	6.8%		\$1,129.36
Vanguard Total International Bond Index Fund Admiral Shares	\$1,129,359.77	6.8%	0.100%	\$1,129.36
Total	\$16,618,280.17	100.0%	0.050%	\$8,295.09

Estimated annual investment expenses are shown for public/liquid investments held in the portfolio. If any non-public/illiquid investments are held in the portfolio then they will be excluded due to the variability of fees inherent in that space.

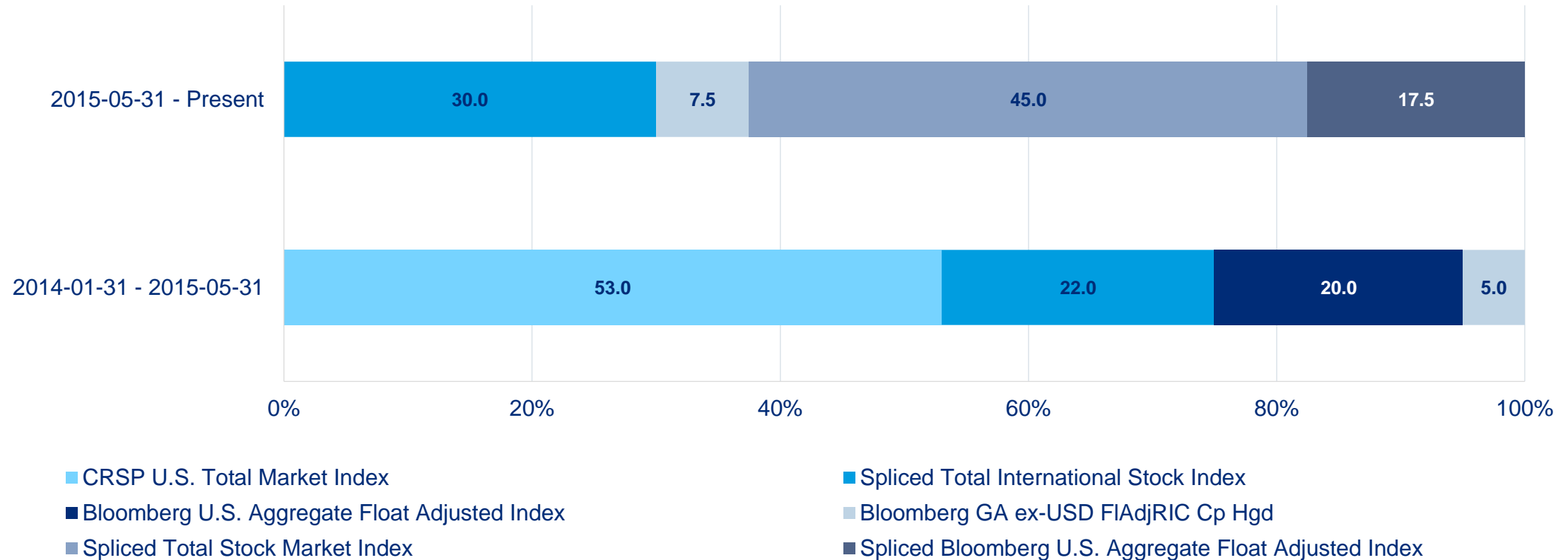
Estimated annual investment expenses are forward looking and can be subject to change. Advisory fees paid by the portfolio for all investments held are captured in the Cash flow and market value summary report.

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Benchmark allocation history

Miracosta College Foundation - Endowment Portfolio

Policy benchmark allocations up to June 30, 2025



Policy Benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change over time as the investment strategy changes. The most recent policy benchmark composition is in the top row. Neither asset allocation nor diversification can guarantee a profit or prevent loss. Indexes are unmanaged; direct investment is not possible. Please read additional information in Benchmark and Disclosure sections.

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OBBBA Implications for Higher Ed

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One Big Beautiful Bill Act: Key changes impacting higher education

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- Revised Endowment Excise Tax
- Expanded Scope of Excess Compensation Tax
- Revised Policies around Charitable Contributions to Nonprofits
- Changes to Federal Student Loan, Pell Grant Programs and other elements of existing student financial aid structure

Excise tax policy changes

Since 2017, private universities with over 500 students and endowments over \$500k per student have been taxed at a 1.4% rate on net investment income. Under the new law, this excise tax will be adjusted to include only schools with over 3,000 students and endowments over \$500k per student in a tiered structure, ranging from 1.4% to 8%.

Endowment Excise Tax Law for private universities

Final provisions (for private institutions with >3,000 students)

- 1.4% for an institution with a student adjusted endowment (SAE) of \$500k-\$750K
- 4% for an institution with an SAE of \$750k-\$2M
- 8% for an institution with an SAE over \$2M

Note: Excludes public universities. While religious colleges and universities were exempted in the House Bill, they are **not exempted** in the final law. Also, while the House Bill required that FTE students must meet Section 484(a)(5) of Higher Education act (i.e., must be a US citizen, national or permanent resident), the final law did not. Additionally, note that investment income includes student loan interest and royalties from federally subsidized research and federal (grant) funds. Finally, note that in the Law, the tax applies to institutions with over 3,000 students, up from the current and House proposed threshold of 500 students, which eliminates approximately 26 well-endowed, small schools that are highly reliant on endowment income from being taxed.

See appendix for additional information

This is not to be considered tax advice.

We have seen this before...

In 2017, the Tax Cuts and Jobs Act was proposed for private institutions with endowment assets exceeding \$100,000 per full time student impacting 140-155 institutions.

However...

This was increased to \$500,000 only impacting 56 institutions.

Revisions happen...

Earlier versions also included taxing graduate student tuition waivers, tuition benefits, and student loan interest, which were later dropped

Colleges and Universities subject to endowment tax under new law

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School	# FTE	\$ Endowment per Student	Excise Tax Rate
Princeton	9,079	3,750,669	8%
Yale	15,269	2,714,107	8%
Stanford	17,623	2,135,334	8%
Harvard	24,357	2,133,974	8%
MIT	11,777	2,086,500	8%
Notre Dame	12,785	1,399,873	4%
Dartmouth	6,700	1,234,823	4%
Rice	8,117	993,688	4%
University of Richmond	3,322	976,848	4%
Penn	25,536	875,155	4%
Washington University	15,021	797,649	4%
Vanderbilt	13,034	786,230	4%
Emory University	15,167	728,128	1.4%
Duke	16,850	705,638	1.4%
Northwestern	20,702	686,393	1.4%
Brown	10,914	615,611	1.4%
Hopkins	21,993	593,965	1.4%
Chicago	17,112	590,518	1.4%
Wesleyan	3,156	501,681	1.4%

This is not to be considered tax advice.

Expanded Scope of “Excess” Compensation Tax for Nonprofits

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- Current law imposes a 21% excise tax on exempt organizations to the 5 highest-paid employees (“covered employees” with compensation over \$1M
- New Reconciliation Law broadens the definition of a covered employee to include **any current or former** employee of a tax-exempt organization receiving over \$1M in compensation, including deferred compensation and severance arrangements.

Source: Ropes & Gray July 2, 2025, James Moore & Company July 10, 2025

This is not to be considered tax advice.

Changes to policies related to charitable contributions to nonprofits

1% Floor for Corporate Charitable Deduction

- Presently, corporations can deduct charitable contributions up to 10% of taxable income
- New law allows deduction of charitable contributions between 1% and 10% of taxable income

Permanent Deduction for Non-Itemizers Charitable Contributions

- Presently, only taxpayers who itemize can deduct their charitable contributions.
- New law allows the deduction of up to \$1,000 (single) or \$2,000 (married, filing jointly) and doesn't have an end date. However, for itemizers, it has a 0.5% floor for charitable contributions. Additionally, itemizers will have a 35% cap on the value of itemized deductions (down from 37.6%)

This is not to be considered tax advice.

Changes to Federal Student Loans and Pell Grants

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Key Provisions	Change
Accountability of higher education institutions on student outcomes	Imposes student outcomes-based undergraduate institutional aid, contingent on earning more than the median high school grad.
Grad PLUS loans	Ends Grad PLUS loans; challenging for schools who are reliant on this support
Parent PLUS	Caps these loans at \$65,000 per student
Regulatory relief	Delays 2022 borrower defense and closed school discharge rules until 2035
Loan repayment limited to 2 options	Previously had 7 options. Now, there is a fixed payment option over 10 –25 years or an income-based plan.
Pell Grant eligibility	Creates workforce Pell Grants for accredited, shorter-term programs. Changes eligibility to reflect that students who get a full ride are excluded from Pell.
Pell Grant Shortfall	Adds \$10.5 billion to address Pell shortfall

This is not to be considered tax advice.

Changes to Federal Student Loans proposed

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Federal Student Loan new lifetime borrowing limits

	Final*
Undergraduate	\$57,500
Graduate school	\$100,000
Grad professional	\$200,000

(same as current)

*Maximum total borrowing limit of \$257,500

This is not to be considered tax advice.

Prepare for change: Understand how provisions of the new law impact your institution and plan for them

- **Is your endowment excise tax increasing or being eliminated?**
 - If so, should you adjust asset allocation, rebalancing policy, or spending policy?
 - Know your cost basis for all holdings and, if your tax rate is increasing, whether there are transactions to make in 2025
- **How will other tax policies change and how can you best budget for and manage them?**
 - Are the expanded excess compensation tax changes relevant to your institution?
 - How consequential is the 1% floor for corporate charitable deduction to your institution?
 - Can you assess and leverage the impact of changes to charitable deduction policies for itemizers and nonitemizers?
 - For public universities, evaluate how the law's cuts to Medicaid and SNAP* might impact state support for your institution
- **How will the changes to Federal Student Aid and Pell Grant programs impact your institution?**
 - Communicate proactively with students on these changes
 - What will elimination of the Grad Plus and limits to Parent Plus programs mean in terms of revenues and are there options?
 - How do the graduate and professional student loan limits compare to your tuition rates and how can you assist students?
 - Can you leverage Workforce Pell grants to enhance revenues?
 - Track alumni salary outcomes and evaluate how to enhance graduates' employment success

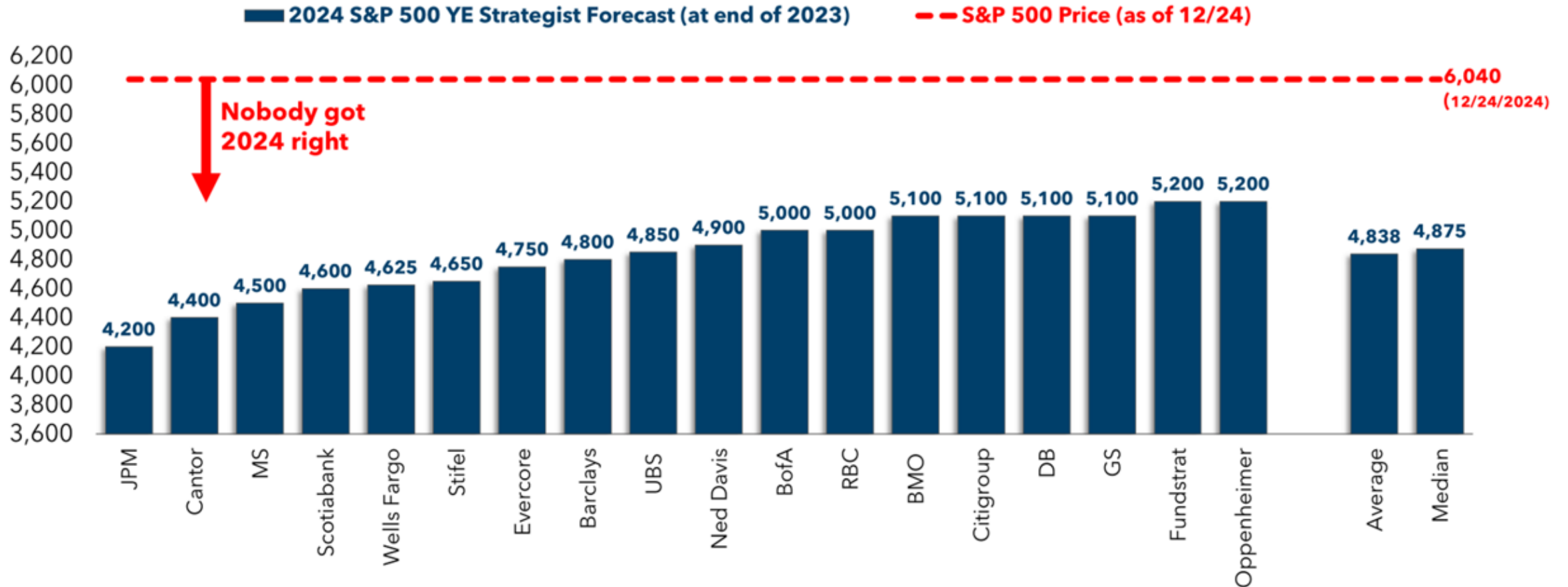
Market and Macro

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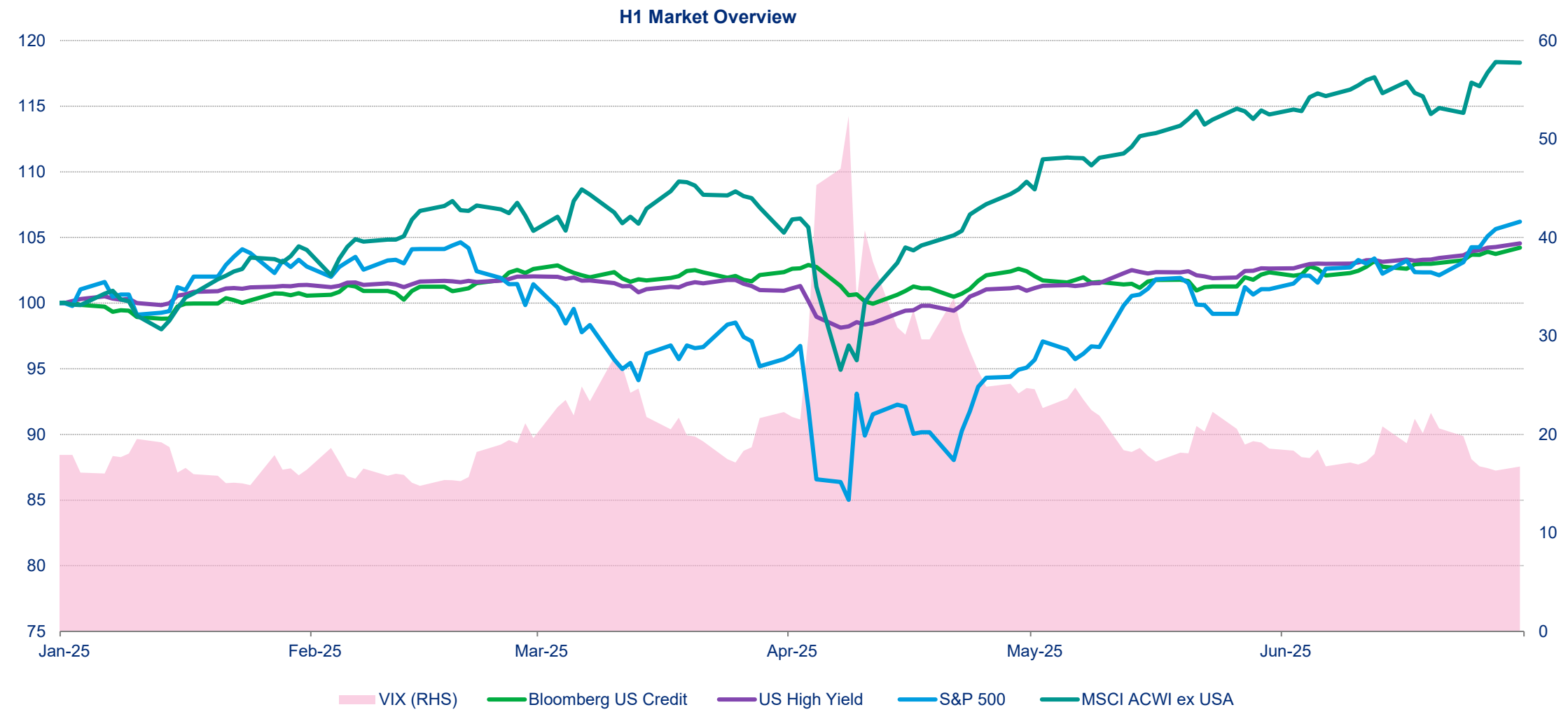
How did strategists do last year?

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Source: Ritholtz Wealth Management, data via Bloomberg Finance L.P.

A true rollercoaster first half of the year for financial markets



Source: Refinitiv. Data as of 06/30/2025. All indices in USD.

Note: For visual reasons, events might not exactly pinpoint to the day they happened.
We do not imply a direct causal relationship between market movements and every single event.

S&P 500 drawdowns in recent history

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The Q2 US equity drawdown was meaningful but also one of the briefest in recent history

Event	Peak Date	Cause	Peak to Trough	Trough Date	Max drawdown	Trough to Previous peak
2025 Trade Shock	Feb-25	Trade Tensions escalate in March/April 2025	48 Days	Apr 8, 25	-18.7%	79 Days
2022 Correction	Jan-22	Federal Reserve tightening, Ukraine conflict, China lockdowns	282 Days	Oct 12, 22	-24.5%	427 Days
COVID-19	Feb-20	Global Lockdowns	33 Days	Mar 10, 20	-33.8%	140 Days
Taper Tantrum 2.0	Sep-18	Federal Reserve tightening – "perceived policy mistake"	95 Days	Dec 24, 18	-19.4%	109 Days
Euro Sovereign Crisis	Apr-11	Risk of collapse of euro area	157 Days	Oct 3, 11	-18.6%	123 Days
Global Financial Crisis	Oct-07	Risk of global financial failure	517 Days	Mar 9, 09	-55.3%	1120 Days
Dotcom Bubble & 9/11	Sep-00	Tech Bubble & middle eastern instability	765 Days	Oct 9, 02	-47.4%	1475 Days
Asian Financial Crisis	Jul-98	Investors fleeing Asian securities	45 Days	Aug 31, 98	-19.2%	84 Days
Early 90s Recession	Jul-90	Middle East instability, oil price spike	87 Days	Oct 11, 90	-19.2%	123 Days

Source: Refinitiv and Mercer Analysis. S&P 500 index used. Data as of June 30, 2025.

Asset class return outlooks

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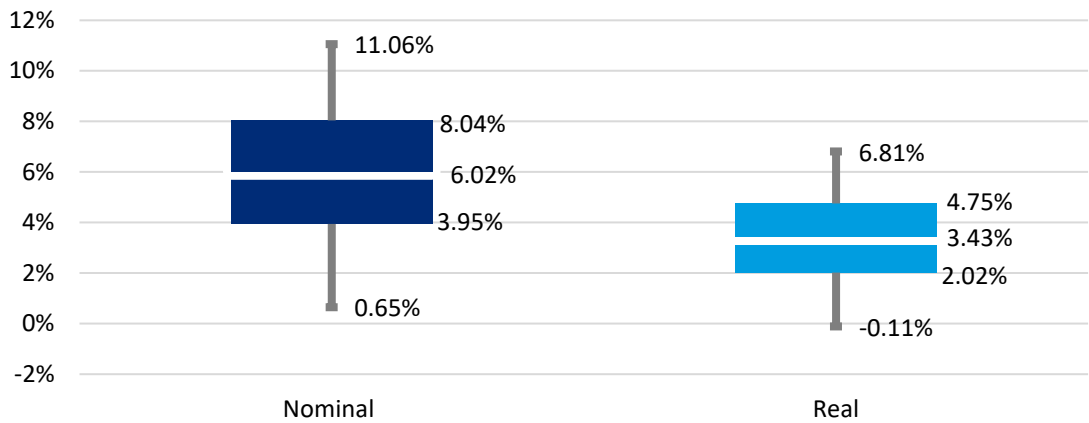
Forecasts as of 3/31/2025

Equities	10 yr. Return Projection	Volatility
US All Cap Equity	5.9%	18.9%
US Large Cap Equity	5.9%	18.4%
US Small Cap Equity	6.3%	23.2%
US Real Estate - REITS	7.2%	20.8%
AC World ex-US All Cap Equity Unhedged	6.8%	21.8%
Non-US Developed All Cap Equity Unhedged	6.6%	21.4%
Emerging Markets Equity Unhedged	7.7%	25.1%
Fixed Income	10 yr. Return Projection	Volatility
US Aggregate FI	4.9%	6.0%
US Government FI	4.6%	6.1%
US Credit FI	5.1%	6.6%
US High Yield FI Aggregate	6.0%	8.5%
US Inflation Indexed FI	4.4%	4.7%
US Cash	3.5%	2.1%
Non-US Broad FI Hedged	4.9%	5.4%
EM Govt FI - Hard Currency	6.3%	9.9%
Inflation	2.5%	2.2%

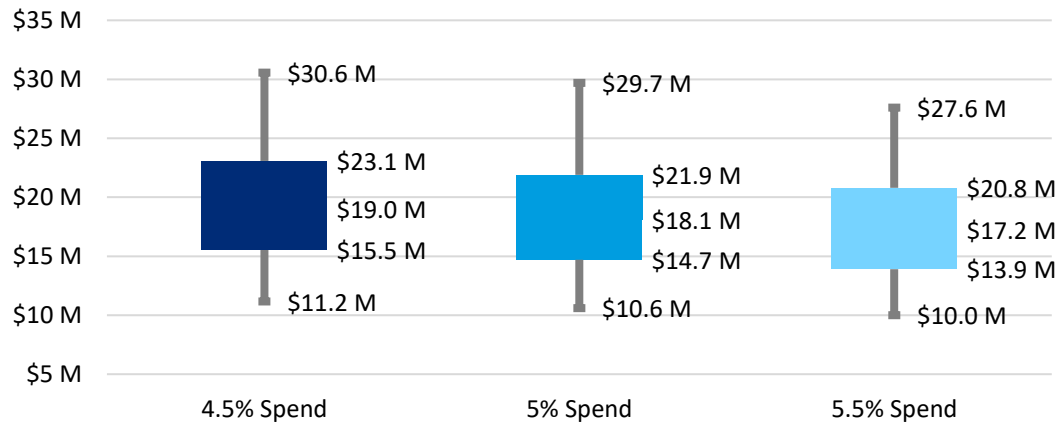
Source: Mercer Capital Market Assumptions, as of 3/31/25. All expected returns are gross of fees, unless indicated otherwise. There are no guarantees Mercer assumptions are or will be accurate. Actual performance is likely to vary.

Portfolio Analytics – 10 year forward looking

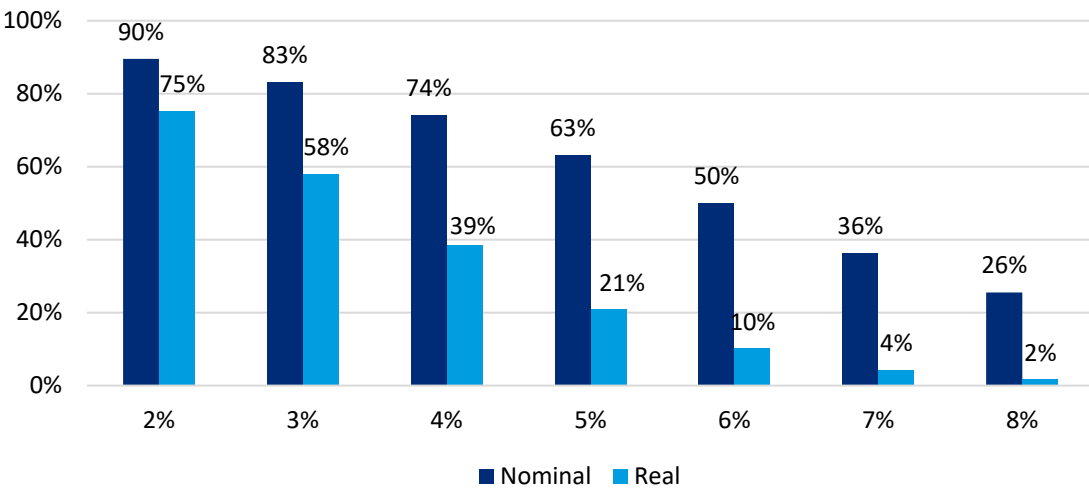
Distribution of annualized returns



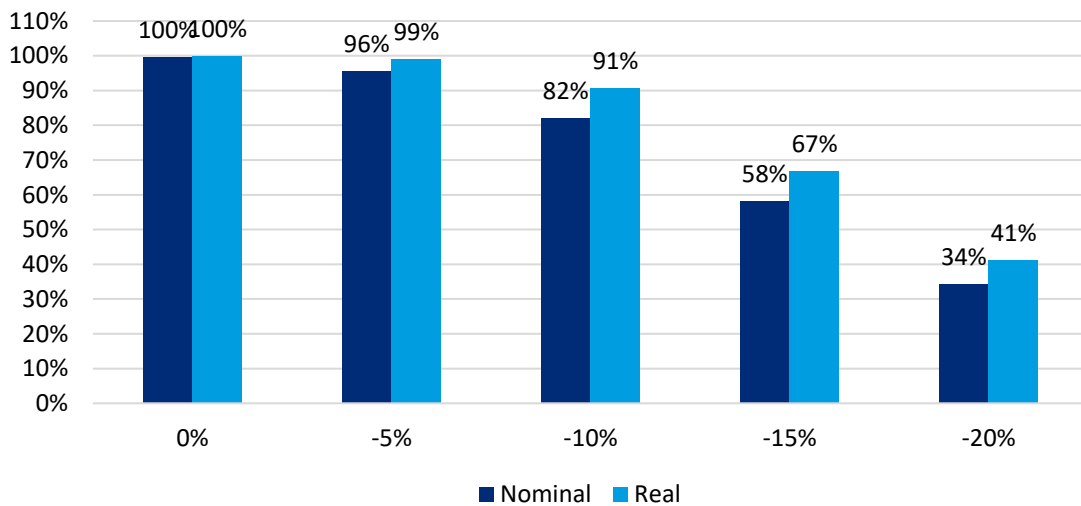
Distribution of nominal ending balances



Probability of return exceeding:



Probability of negative return in any one year:



Periodic table of returns

Global market returns as of December 31, 2024

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2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Quilt Legend	
US REITS 27.1	US REITS 2.8	Small Cap Core Equity 21.3	Emerging Markets Equity 37.3	Treasury Bonds 0.9	Large Cap Core Equity 31.5	Small Cap Core Equity 20.0	US REITS 41.3	Commodity 16.1	Large Cap Core Equity 26.3	Large Cap Core Equity 25.0	Large Cap Core Equity	S&P 500
Large Cap Core Equity 13.7	Large Cap Core Equity 1.4	High Yield Bonds 17.1	Developed Intl Equity 25.0	Aggregate Bonds 0.0	Mid Cap Core equity 30.5	Large Cap Core Equity 18.4	Large Cap Core Equity 28.7	High Yield Bonds -11.2	Global Equity 22.2	Global Equity 18.7	Mid Cap Core equity	Russell Midcap
Mid Cap Core equity 13.2	Blended 60/40 1.1	Mid Cap Core equity 13.8	Global Equity 24.0	High Yield Bonds -2.1	US REITS 28.7	Emerging Markets Equity 18.3	Commodity 27.1	Treasury Bonds -12.5	Developed Intl Equity 18.2	Blended 60/40 15.5	Small Cap Core Equity	Russell 2000
Blended 60/40 10.6	Treasury Bonds 0.8	Large Cap Core Equity 12.0	Large Cap Core Equity 21.8	Blended 60/40 -2.6	Global Equity 26.6	Mid Cap Core equity 17.1	Mid Cap Core equity 22.6	Aggregate Bonds -13.0	Blended 60/40 18.0	Mid Cap Core equity 15.3	US REITS	FTSE Nareit All REITs
Aggregate Bonds 6.0	Aggregate Bonds 0.5	Commodity 11.8	Mid Cap Core equity 18.5	US REITS -4.0	Small Cap Core Equity 25.5	Global Equity 16.3	Global Equity 18.5	Developed Intl Equity -14.5	Mid Cap Core equity 17.2	Small Cap Core Equity 11.5	Developed Intl Equity	MSCI EAFE
Treasury Bonds 5.1	Developed Intl Equity -0.8	Emerging Markets Equity 11.2	Small Cap Core Equity 14.6	Large Cap Core Equity -4.4	Blended 60/40 22.4	Blended 60/40 14.0	Blended 60/40 16.6	Blended 60/40 -16.1	Small Cap Core Equity 16.9	High Yield Bonds 8.2	High Yield Bonds	Bloomberg US High Yield
Small Cap Core Equity 4.9	Mid Cap Core equity -2.4	US REITS 8.6	Blended 60/40 14.5	Mid Cap Core equity -9.1	Developed Intl Equity 22.0	Treasury Bonds 8.0	Small Cap Core Equity 14.8	Mid Cap Core equity -17.3	High Yield Bonds 13.4	Emerging Markets Equity 7.5	Emerging Markets Equity	MSCI EM (Emerging Markets)
Global Equity 4.2	Global Equity -2.4	Blended 60/40 8.2	US REITS 8.7	Global Equity -9.4	Emerging Markets Equity 18.4	Developed Intl Equity 7.8	Developed Intl Equity 11.3	Large Cap Core Equity -18.1	US REITS 11.4	Commodity 5.4	Aggregate Bonds	Bloomberg US Aggregate
High Yield Bonds 2.5	Small Cap Core Equity -4.4	Global Equity 7.9	High Yield Bonds 7.5	Small Cap Core Equity -11.0	High Yield Bonds 14.3	Aggregate Bonds 7.5	High Yield Bonds 5.3	Global Equity -18.4	Emerging Markets Equity 9.8	US REITS 4.3	Treasury Bonds	Bloomberg US Treasury
Emerging Markets Equity -2.2	High Yield Bonds -4.5	Aggregate Bonds 2.6	Aggregate Bonds 3.5	Commodity -11.3	Aggregate Bonds 8.7	High Yield Bonds 7.1	Aggregate Bonds -1.5	Emerging Markets Equity -20.1	Aggregate Bonds 5.5	Developed Intl Equity 3.8	Commodity	Bloomberg Commodity Index
Developed Intl Equity -4.9	Emerging Markets Equity -14.9	Treasury Bonds 1.0	Treasury Bonds 2.3	Developed Intl Equity -13.8	Commodity 7.7	Commodity -3.1	Treasury Bonds -2.3	Small Cap Core Equity -20.4	Treasury Bonds 4.1	Aggregate Bonds 1.3	Global Equity	MSCI AC World
Commodity -17.0	Commodity -24.7	Developed Intl Equity 1.0	Commodity 1.7	Emerging Markets Equity -14.6	Treasury Bonds 6.9	US REITS -5.1	Emerging Markets Equity -2.5	US REITS -24.9	Commodity -7.9	Treasury Bonds 0.6	Blended 60/40	60% S&P 500 40% Bloomberg Agg

Annualized returns by decade

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Performance trends often shift dramatically over decades

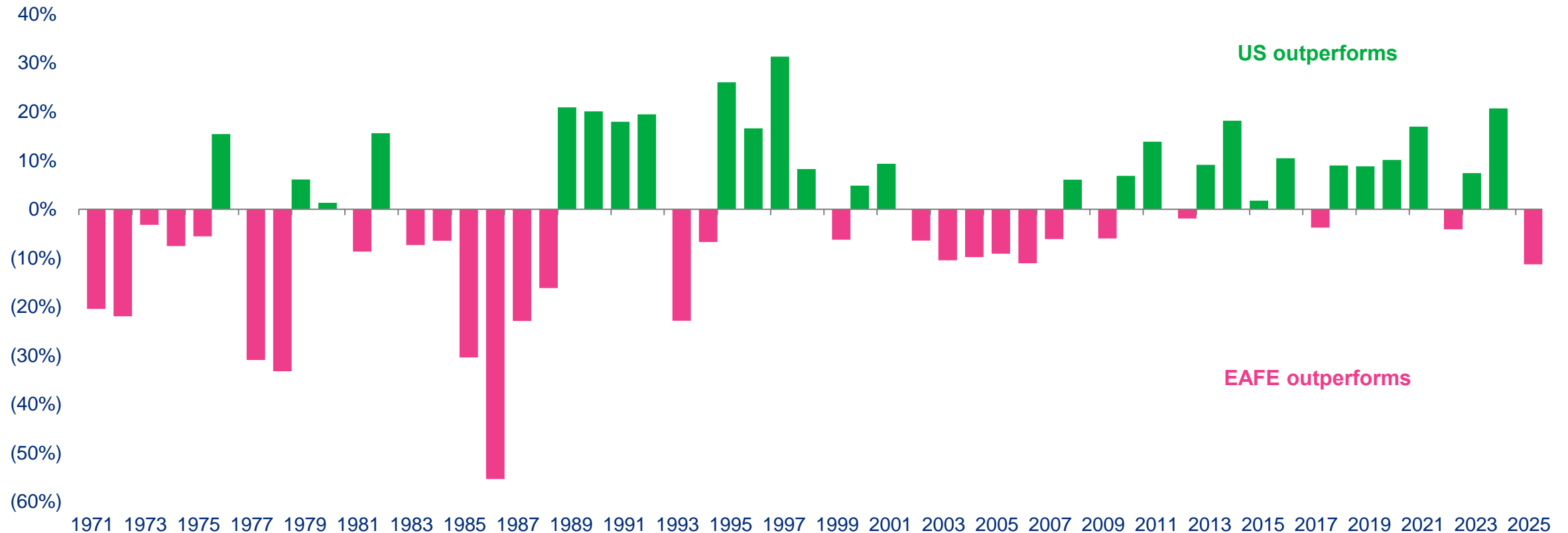
1970s	1980s	1990s	2000s	2010s	2020s (to date)
Asia Pacific 14.8%	Asia Pacific 26.4%	US 19.0%	Emerging mkts 10.1%	US 13.5%	US 14.6%
Canada 11.0%	Europe 18.5%	Europe 14.5%	Canada 9.2%	ACWI IMI 6.6%	ACWI IMI 10.2%
Europe 8.6%	US 17.1%	Emerging mkts 11.0%	Europe 2.4%	Asia Pacific 6.6%	Canada 9.2%
US 4.6%	Canada 11.7%	Canada 9.8%	ACWI IMI 1.4%	Europe 5.8%	Europe 5.5%
		Asia Pacific 0.5%	Asia Pacific -0.3%	Canada 4.3%	Asia Pacific 4.6%
			US -1.3%	Emerging mkts 4.0%	Emerging mkts 2.1%

Source: Refinitiv as of December 31, 2024

Adopting a globally diverse equity portfolio can capture rotations in leadership without the need to market time

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US vs. International Stocks: Performance differential for each calendar year (1970 - 2025 YTD)

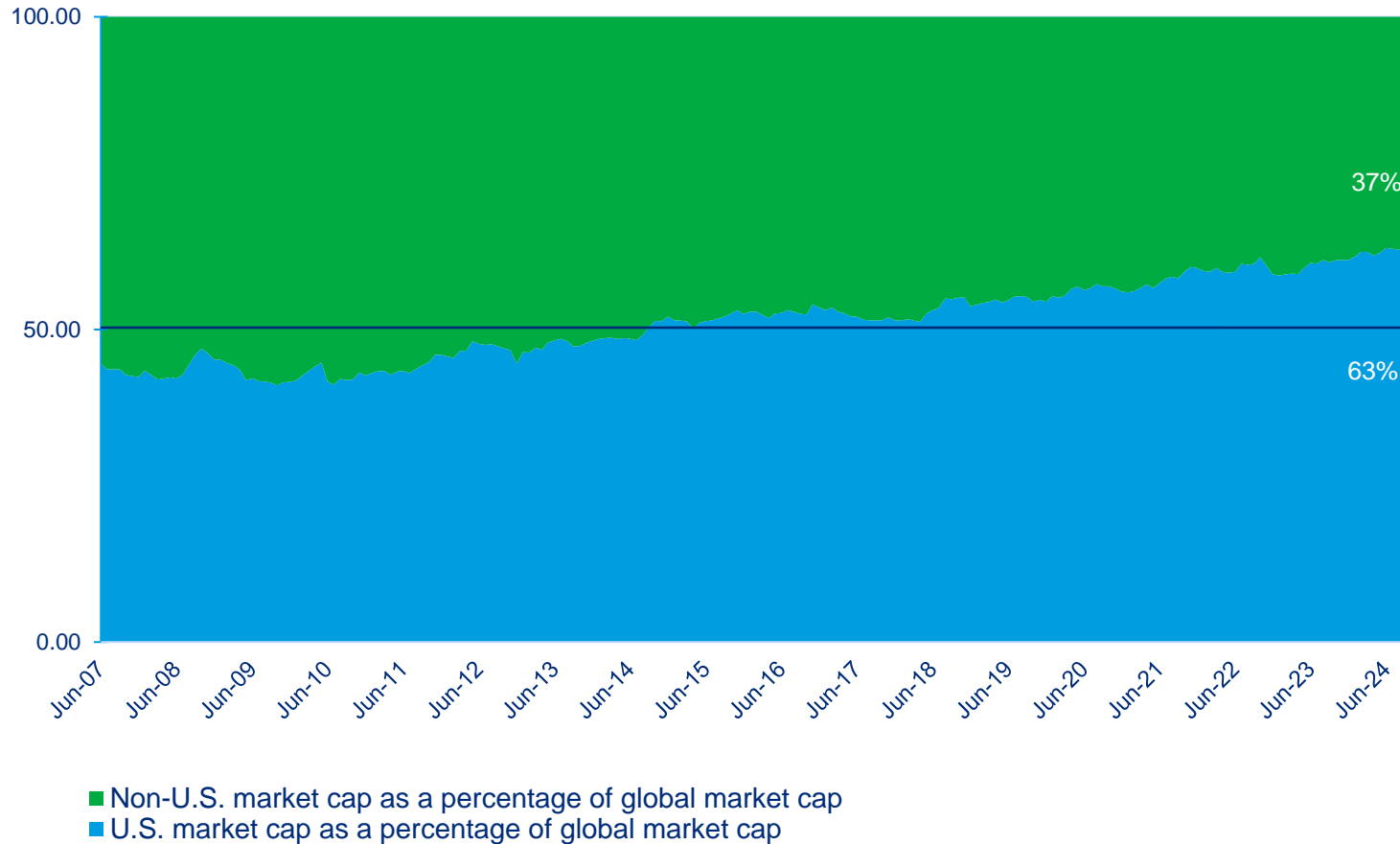


Source: Bloomberg. Data as of March 31, 2025. Equity returns = S&P 500 (US) and MSCI EAFE (International). Note: Green periods indicate US outperformance. 2025 performance is year to date through March 2025.

Why international stocks?

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U.S. and international market value, as a percentage of global market value

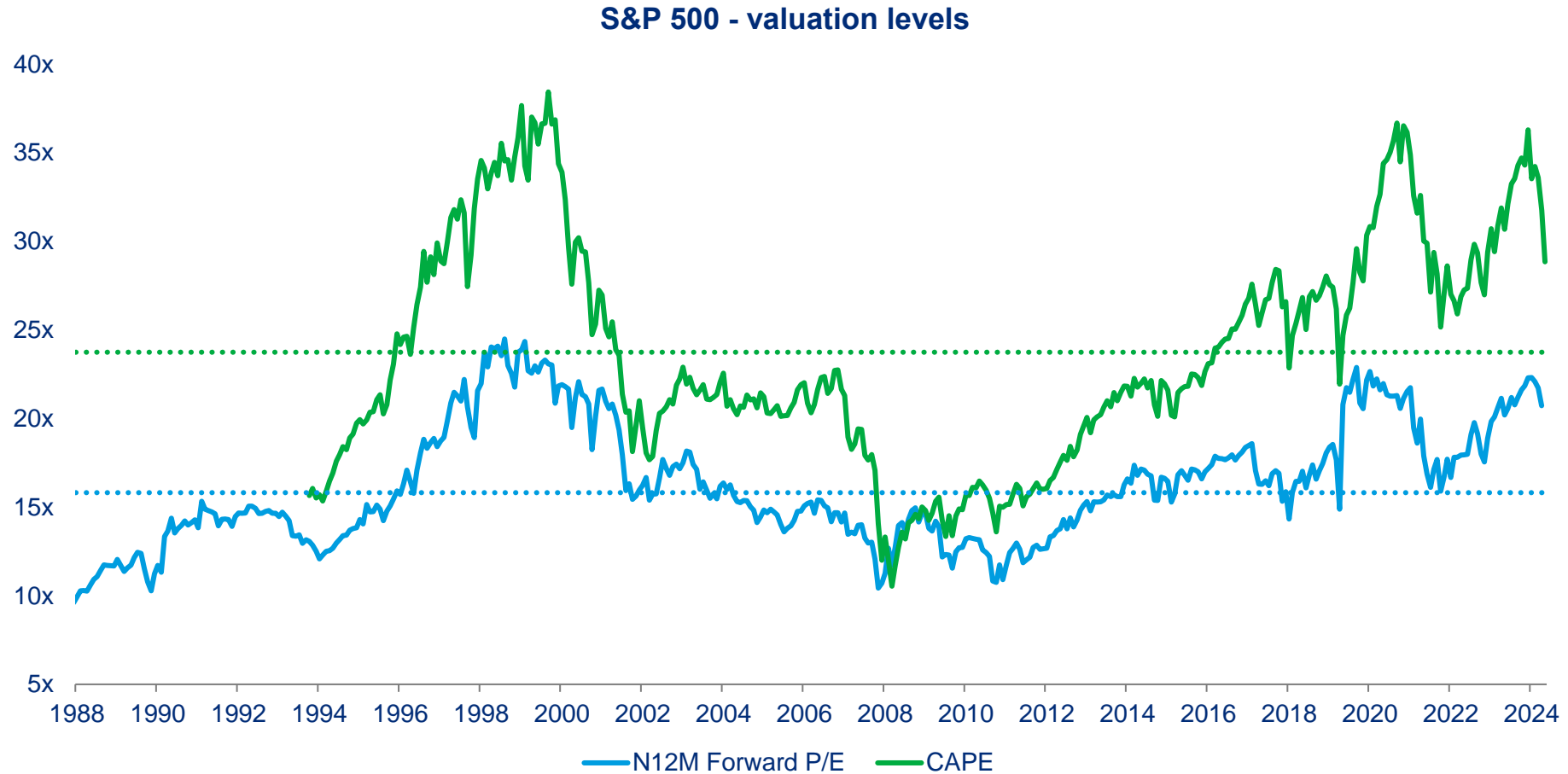


- They are a valuable diversifier to a balanced portfolio and can serve to dampen volatility over the long term
- International stocks, including emerging markets account for nearly 40% of the global equity market
- Offer exposure to global industries and a wider array of economic and market forces

Notes: The U.S. and Non-U.S. market cap is a percentage of the MSCI ACWI IMI from June 30, 2007, through October 31, 2024.
Source: Morningstar Direct

US valuations still remain expensive on Forward P/E and CAPE

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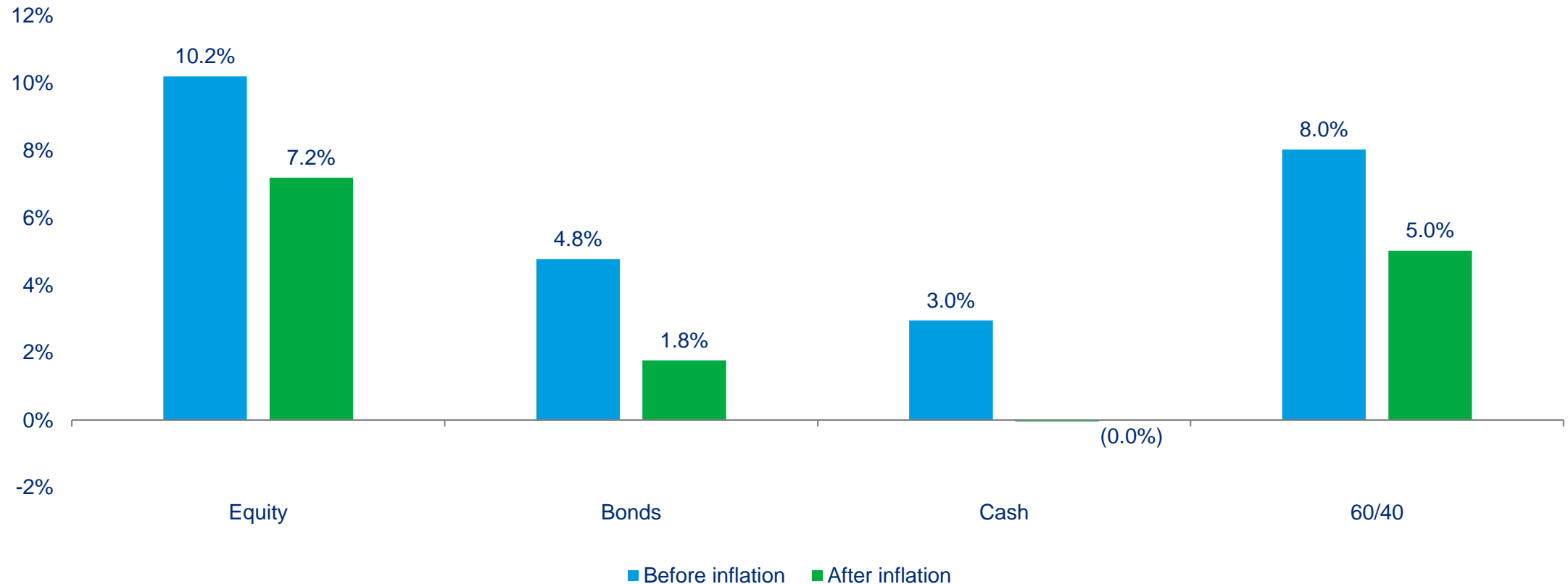


Source: Bloomberg, Refinitiv, Mercer. Data as of April 7, 2025.

Equities have been a reliable way to grow capital long-term

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Average annual returns, past 30 years (1995 - 2025), adjusted for 3% inflation

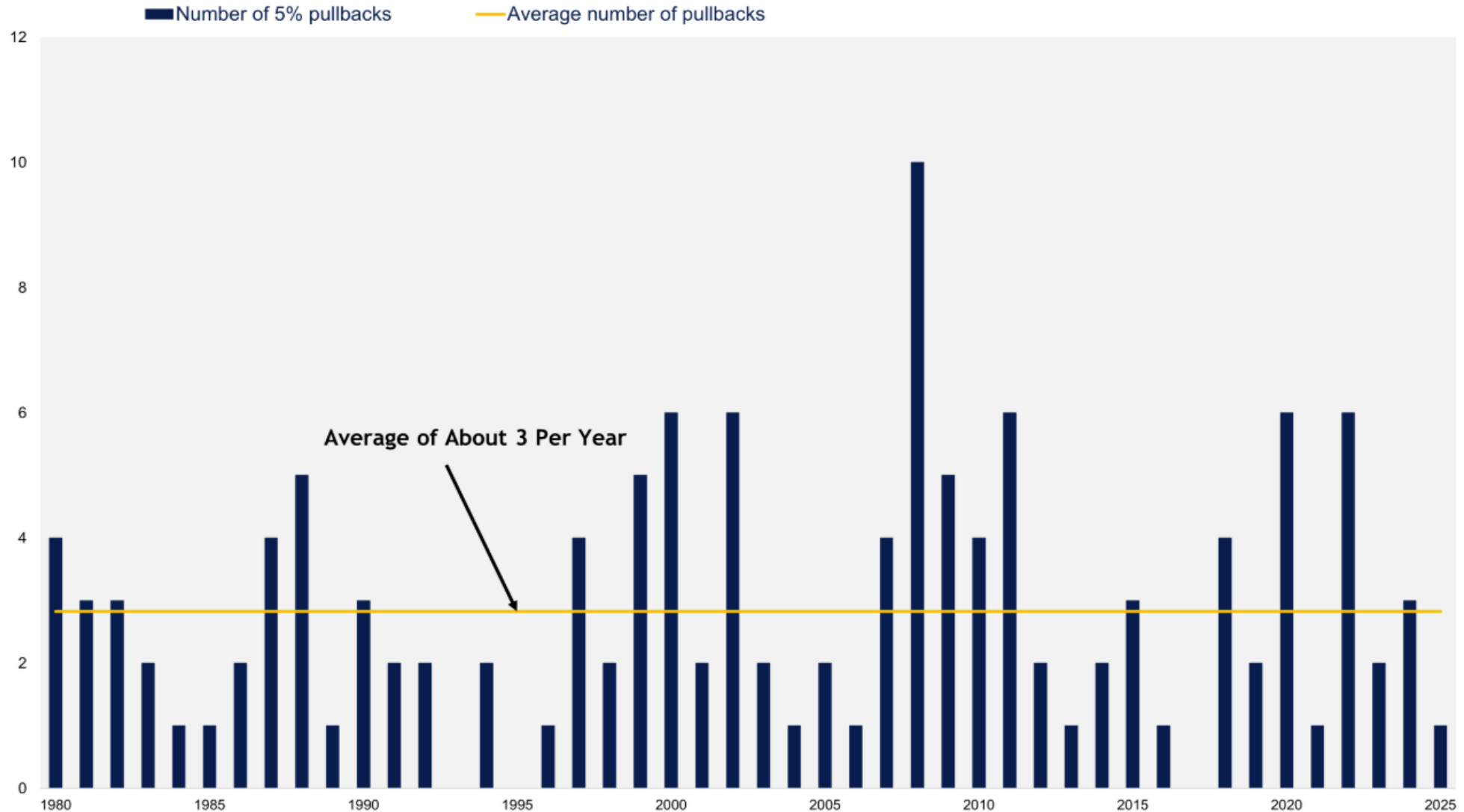


Source: Refinitiv, Mercer. Data as of March 31, 2025. Stocks (MSCI ACWI). 60/40 Portfolio (60% MSCI ACWI and 40% Bloomberg Global Agg Hedged). Bonds (Bloomberg Global Agg Hedged). Cash (JP Morgan USD Cash: 3 month)

Equity pullbacks are common

S&P 500 5% pullbacks

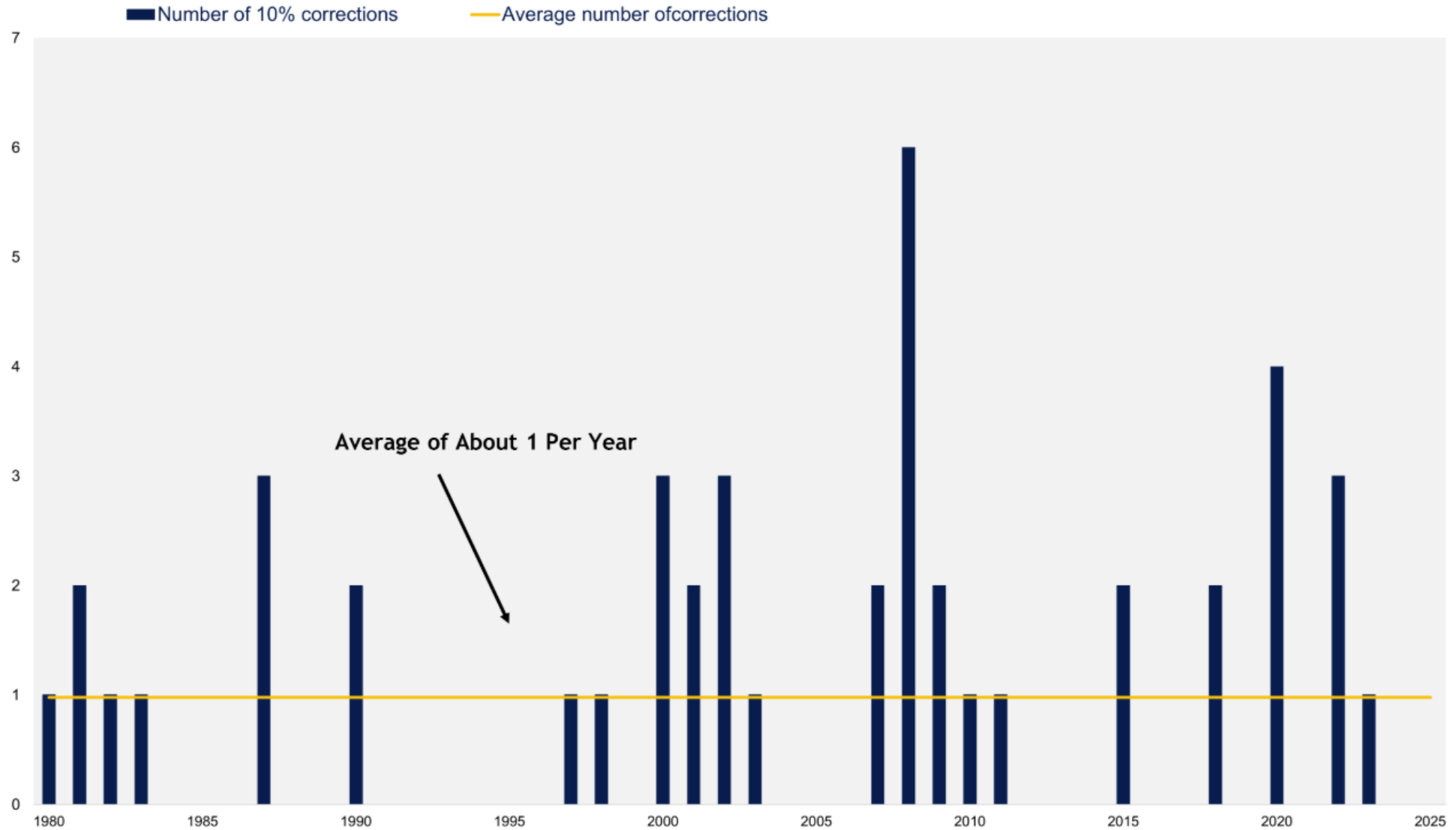
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Equity pullbacks are common

S&P 500 10% corrections

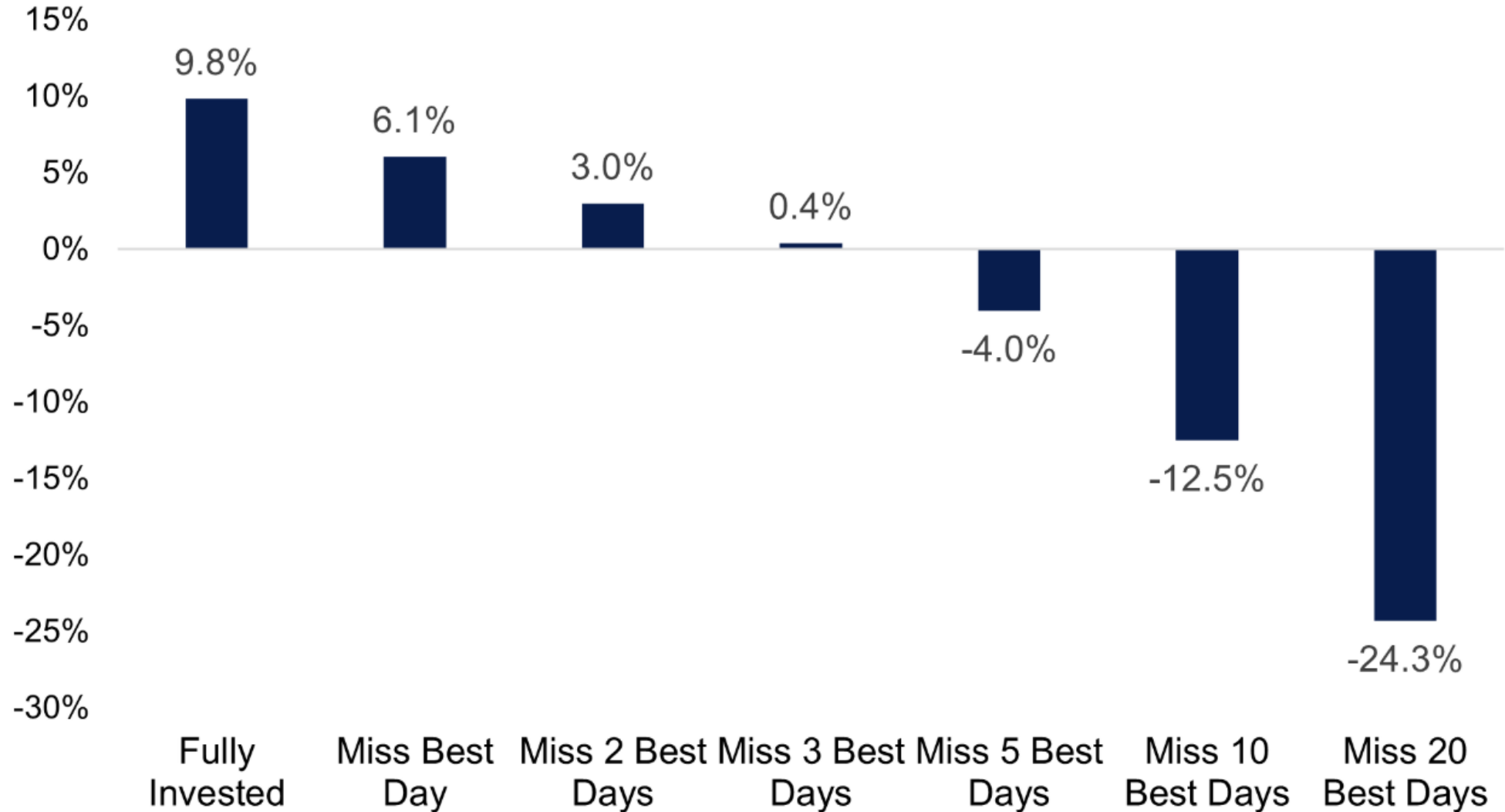
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Market timing is difficult

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S&P 500 Index annualized performance (1990-2024)



Appendix

Growth forecasts predict moderate slowdown as trade tensions ease

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Country	GDP			CPI		
	2024	2025	2026	2024	2025	2026
US	2.8	1.5	1.6	3.0	2.9	3.0
Canada	1.6	1.2	1.1	2.4	1.9	2.1
UK	1.1	1.0	1.0	2.5	3.3	2.2
Eurozone	0.9	1.0	1.1	2.4	1.9	1.9
China	5.0	4.5	4.2	0.2	0.2	0.6
India	6.5	6.3	6.5	4.6	2.9	4.8
Japan	0.2	0.8	0.7	2.7	2.9	1.6
Australia	1.0	1.7	2.2	3.2	2.1	2.8
New Zealand	-0.5	1.0	2.3	2.9	2.5	2.1

Source: Consensus Economics, as of June 30, 2025.
Shaded figures are forecasts. These represent average YoY% Changes, not Dec to Dec

- In the aftermath of Liberation Day in April, GDP growth forecasts had reduced materially for the US, with increased recession risk starting to be priced in. Growth estimates have since rebounded.
- In June, consensus was for a moderate slowdown to slightly below trend growth rather than a recession, as easing trade tensions improved forecasts meaningfully. Inflation expectations mostly dropped as well.
- Outside the US, most GDP expectations increased as well, and inflation expectations decreased. Monetary policy in developed countries outside remains supportive and fiscal loosening has already been announced in countries like Germany. Estimates for China remained stable during 2Q25.
- A de-escalation of trade and Middle East tensions have reduced short term uncertainty and thus increased the stability of long-term economic forecasts once again.

US inflation expectations fell over Q2 after an initial tariff fear spike..

10-year US Inflation Expectations



- Long-term inflation expectations fell slightly in Q2, returning to the general trend of slowly nearing targets.
- Rising trade tensions and major escalation in early April raised fears of upward price pressure going forward but concerns have eased as trade negotiations make progress.
- A de-escalation of tensions after the air strikes on Iran have also reduced the risk of inflation being rekindled through an energy price shock.

Source: St Louis Fed, as of June 30, 2025

..and the Fed is more open to some easing

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- At the June meeting, the Federal Reserve ('Fed') maintained their base rate at 4.25%-4.5% and kept their rate projections at 50 bps worth of cuts over the rest of 2025.
- The Fed signaled more openness to cutting rates as trade and geopolitical uncertainty have decreased and inflation remains on its trajectory to target
- Communication may become more challenging for the Fed if a successor to Chairman Powell is nominated earlier than usual, as currently signaled by the White House

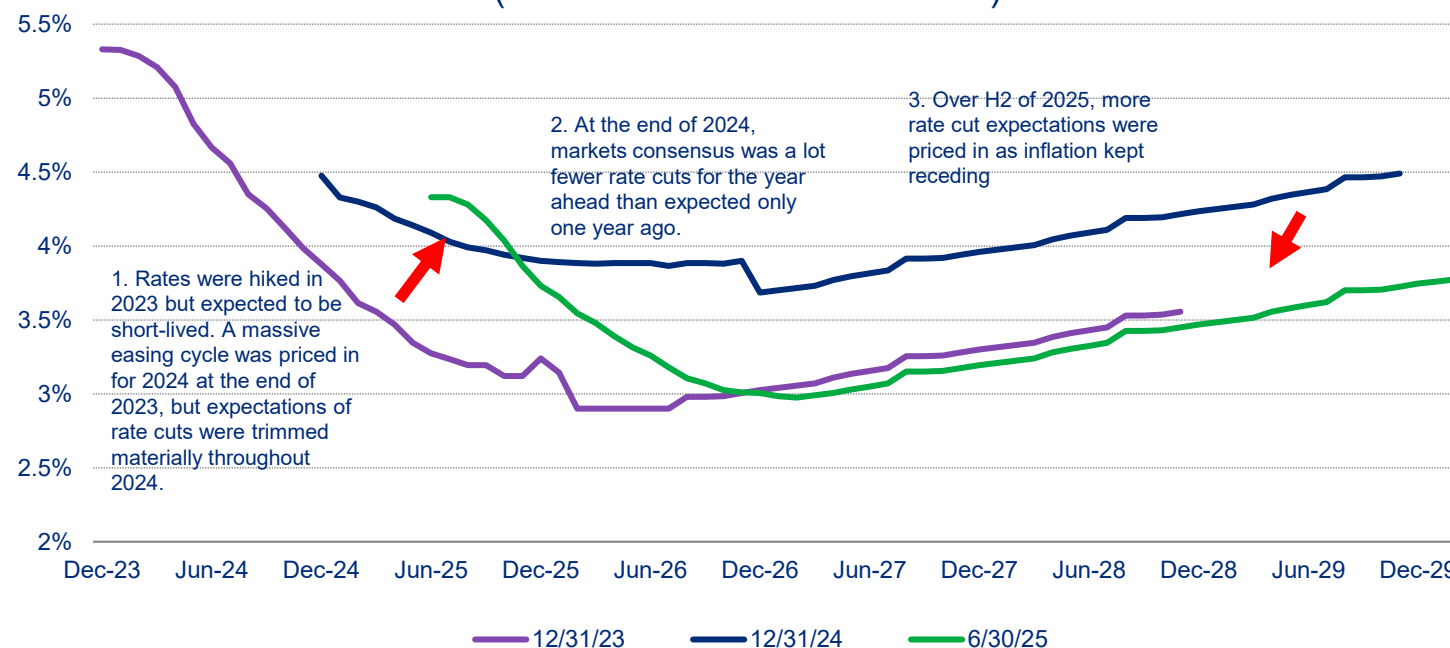
Percent

Variable	Median ¹			
	2025	2026	2027	Longer run
Change in real GDP	1.4	1.6	1.8	1.8
March projection	1.7	1.8	1.8	1.8
Unemployment rate	4.5	4.5	4.4	4.2
March projection	4.4	4.3	4.3	4.2
PCE inflation	3.0	2.4	2.1	2.0
March projection	2.7	2.2	2.0	2.0
Core PCE inflation ⁴	3.1	2.4	2.1	2.0
March projection	2.8	2.2	2.0	2.0
Memo: Projected appropriate policy path				
Federal funds rate	3.9	3.6	3.4	3.0
March projection	3.9	3.4	3.1	3.0

Source: Federal Reserve, latest available data points as of June 30, 2025
Summary of Economic Projections, June 30, 2025 (federalreserve.gov)
<https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.

Market Implied US Overnight Lending Rate
(Based on Fed Funds Futures)

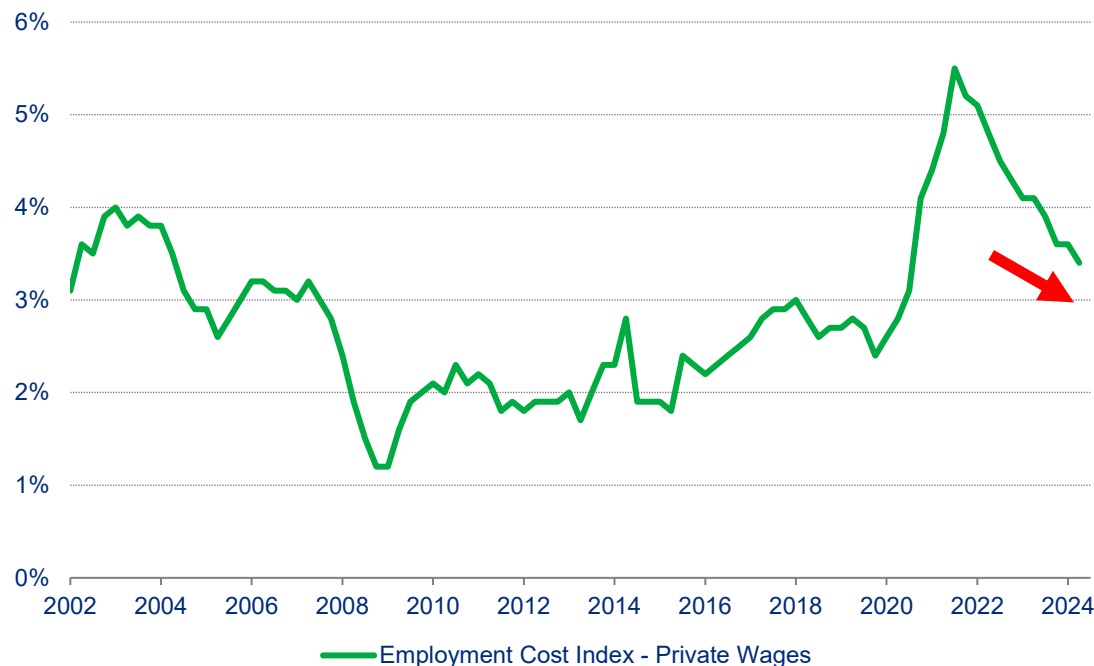


Source: Bloomberg, as of June 30, 2025

The US labor market continues to cool from extraordinarily high levels

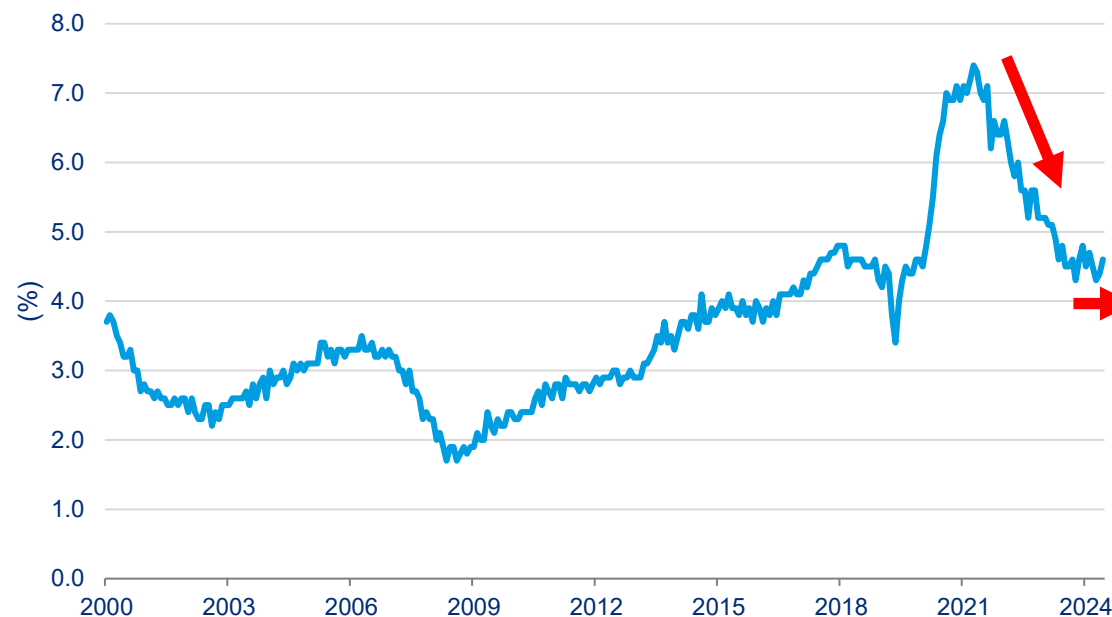
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Wage Growth (Year-over-year change)



Source: Bloomberg, latest available data points as of June 30, 2025

Seasonally Adjusted Total Nonfarm Job Openings Rate



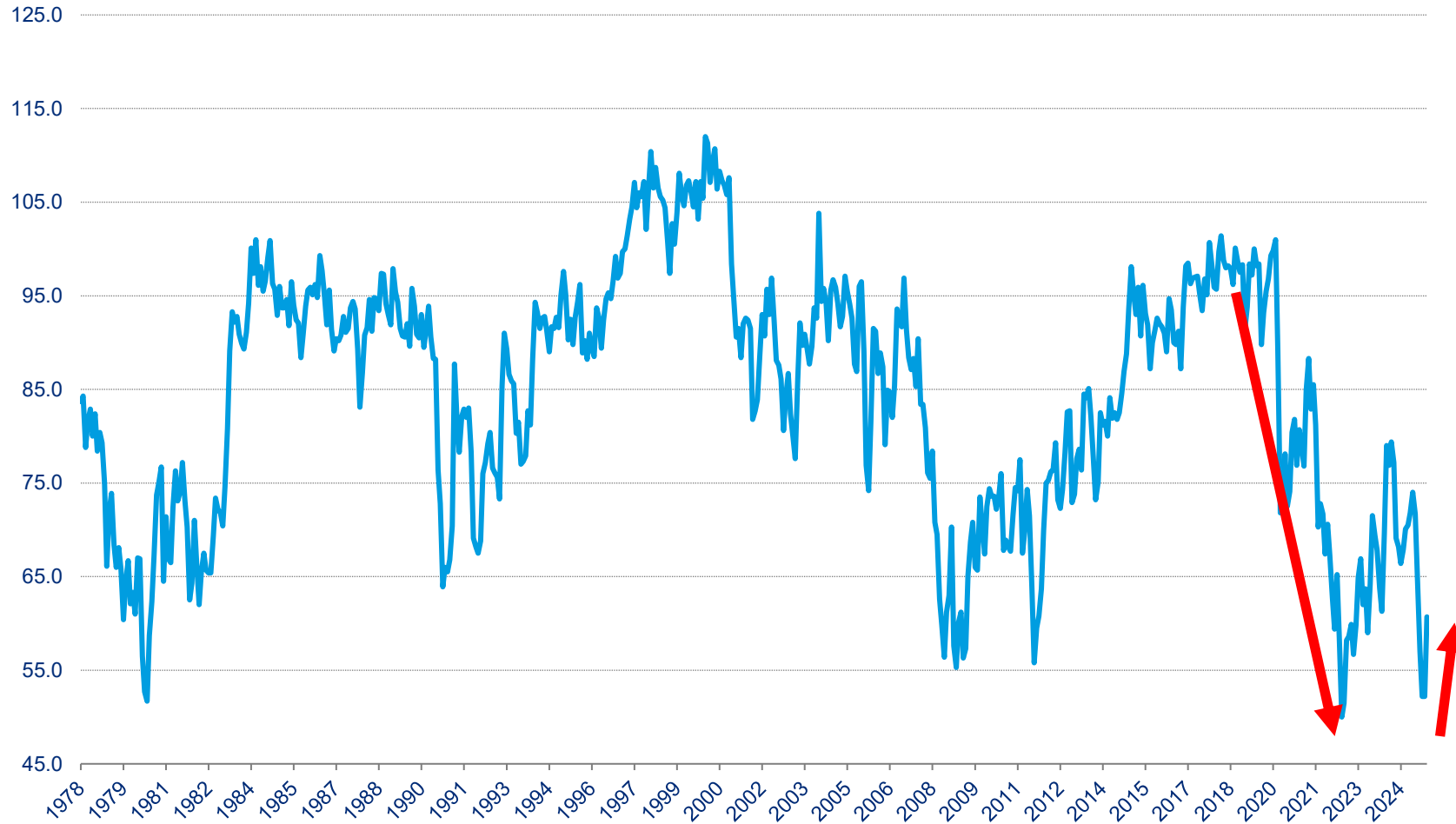
Source: St Louis Fed, latest available data points as of June 30, 2025

- A growing number of companies have been restructuring their hiring levels over the last two years. Job openings have fallen considerably and are now at the lowest level since early 2021. Recent jobs data have been on the weaker side, showing a softening of the US economy and the labor market moving into better equilibrium.
- Wage growth continues to slow. This should help reduce inflationary pressure but a sharp drop in immigration and large-scale deportations could reduce labor supply and may rekindle wage pressure.
- In absolute terms, both wage growth and job openings are still high, and unemployment remains at a record low.

US Consumer sentiment bounces in Q2

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University of Michigan Consumer Sentiment

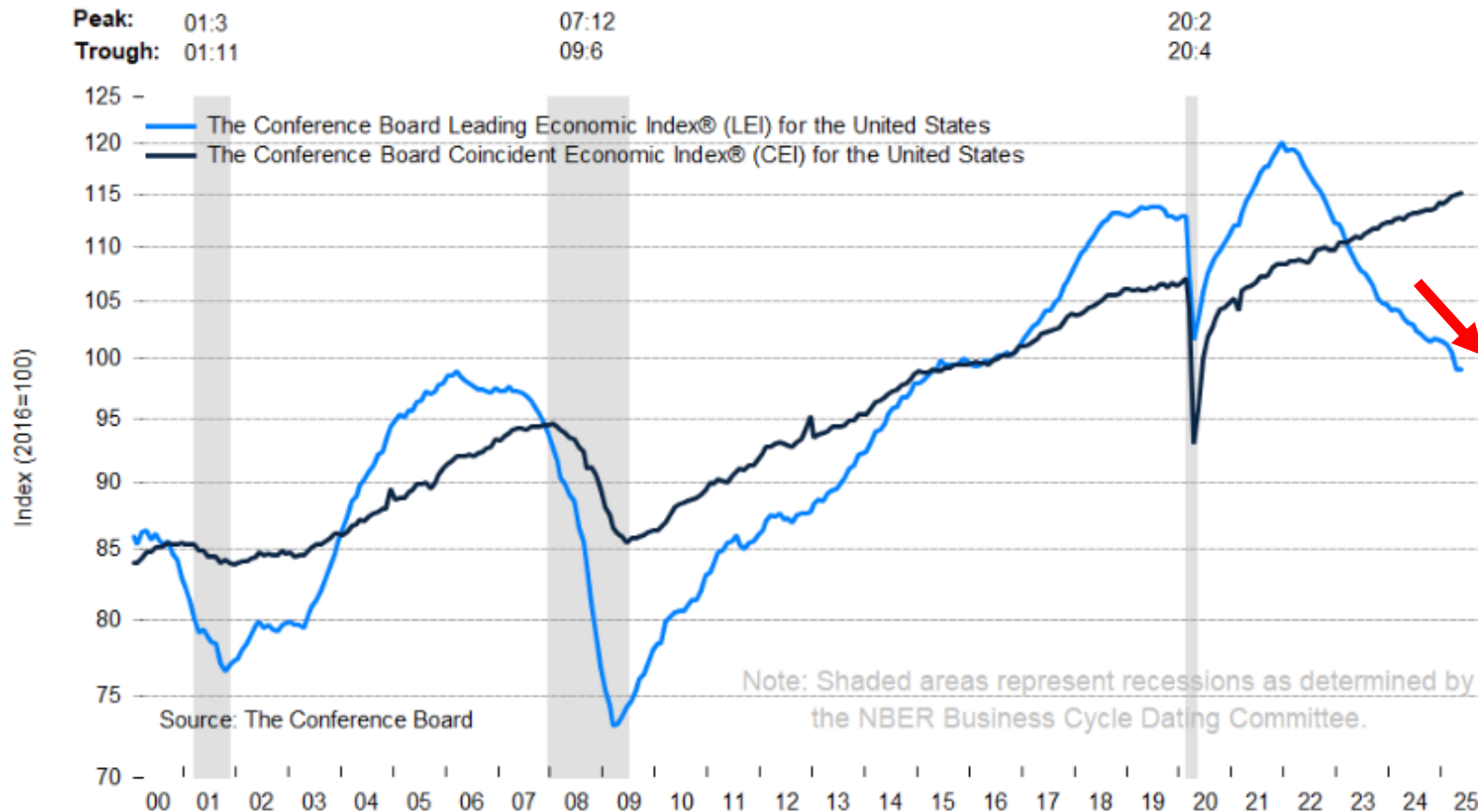


Source: St Louis Fed, latest available data points as of June 30, 2025

- Consumer sentiment rose in Q2 with easing trade tensions, de-escalating tensions in the Middle East following the Israeli-US airstrikes and moderate inflation figures.

US leading indicators signal softening

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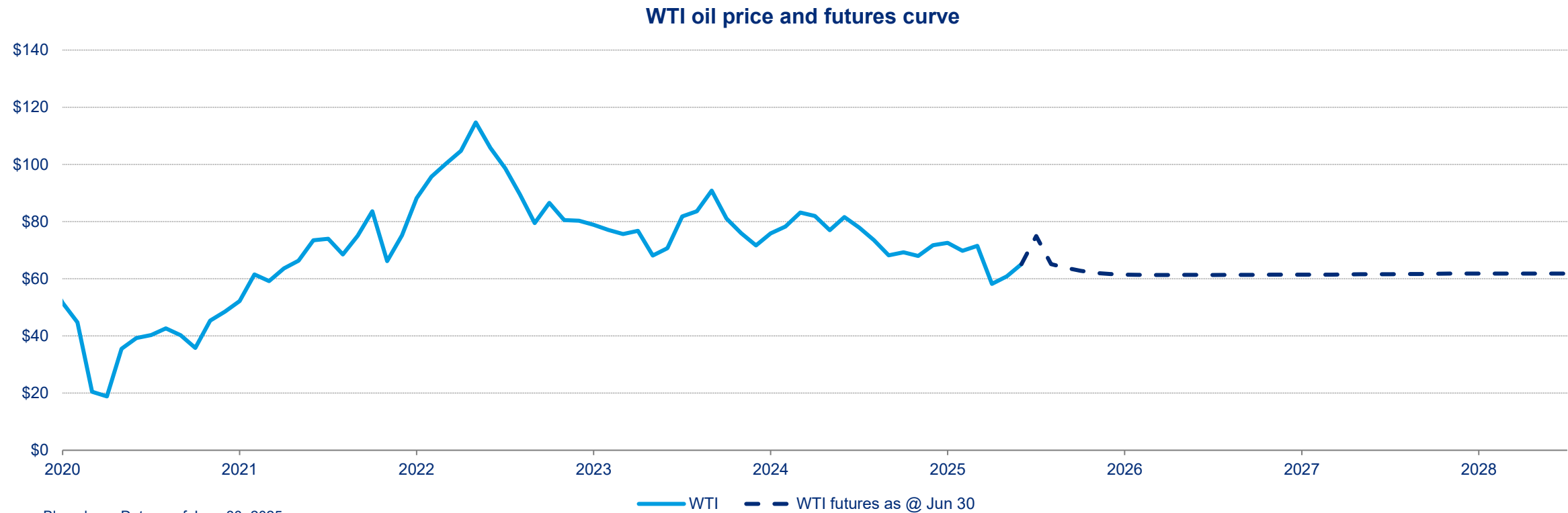


- Leading indicators fell for the sixth consecutive month in May but only marginally, signalling headwinds to economic growth as business confidence keeps declining.
- While the Conference Board indicator is not calling a recession, it suggests a slowdown ahead.

Source: Conference Board estimate, latest available data points as of June 30, 2025
<https://www.conference-board.org/topics/us-leading-indicators>
Aggregates labor market, manufacturing, housing market and financial market indicators

Oil prices fall over the quarter as Iran threat was dealt with swiftly

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- Oil prices rose fell by around 8% over Q2 2025. Market participants were initially concerned that the tariffs could reduce global growth, creating headwinds for oil demand. Then, oil prices rose significantly at the end of quarter after the joint Israeli/US air strikes on Iran. Oil prices increased by 7.9% in June, but a successful completion of the campaign ending in a ceasefire led to a sharp decline in oil prices which ended the quarter lower.
- The events of Q2 have served as a reminder how sensitive oil prices can be to conflicts and trigger major macroeconomic shocks at short notice, which we capture in our ‘major conflict’ scenario.

Benchmark descriptions

Policy Benchmark:

The client's policy benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change over time as the investment strategy changes. See Benchmark allocation history for details.

The benchmarks for asset and sub-asset classes on the Performance summary reports is determined by the client's primary policy benchmark. Asset and sub-asset class benchmarks are a proportional representation of their segment within the client's primary policy benchmark and adjusts over time with the changes in the policy benchmark. See Benchmark allocation history for details.

Market benchmarks:

Balanced Composite Index: Weighted 60% Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) and 40% Lehman Brothers U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index thereafter.

Bloomberg Barclays 1-5 Yr Credit (Ret): The index measures the performance of the investment grade, US dollar denominated, fixed-rate, taxable corporate and government related bonds with maturity of 1-5 years. It is comprised of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays 1-5 Yr Treas (Ret): The index measures the performance of US treasuries with maturity of 1 to 4.9999 Years.

Bloomberg Barclays Global Aggregate ex USD Float Adjusted RIC - USD Hedged (Ret): The index measures the performance of the global, investment-grade, fixed rate debt markets, including government, government agency, corporate and securitized non-U.S. fixed income investments - all issued in currencies other than the U.S. dollar and with maturities of more than one year - with the foreign currency exposure of the securities included in the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged to the Canadian dollar. It is market capitalization-weighted.

Bloomberg Barclays Global Aggregate ex USD TR USD (Ret): The index measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities.

Bloomberg Barclays Intermediate U.S. Treasury (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 1-10 years, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays Long A+ U.S. Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component with maturities of 10 years and greater that includes foreign agencies, sovereigns, supranationals and local authorities. It applies a more or less stringent set of constraints to any existing index. The index is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays Long Term U.S. Treasury (Ret): This index measures the performance of U.S. treasury bills with long term maturity. The credit level for this index is investment grade. The rebalance scheme is monthly.

Bloomberg Barclays Treasury 1-5 Year (Ret): This index measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 1-5 year maturities.

Bloomberg Barclays U.S. Aggregate (Ret): The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Bloomberg flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

Bloomberg Barclays U.S. Aggregate Float Adjusted (Ret): The index measures the performance of a new benchmark of the broad fixed-rate USD-denominated investment grade bond market that excludes securities held in the Federal Reserve System Open Market Account (SOMA).

Bloomberg Barclays U.S. Corporate High Yield (Ret): The index measures the performance of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds, including corporate bonds, fixed-rate bullet, putable, and callable bonds, SEC Rule 144A securities, Original issue zeros, Pay-in-kind (PIK) bonds, Fixed-rate and fixed-to-floating capital securities.

Bloomberg Barclays U.S. Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Credit: 5-10 Yr (Ret): The index measures the performance of the US Corporate and a non-corporate component with maturities of 5-10 years that includes foreign agencies, sovereigns, supranationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Gov/Credit Float Adjusted: Long (Ret): The index measures the performance of the non-securitized component of the US Aggregate index with maturities of 10 years and greater. It uses alternative weighting schemes instead of market value weights.

Bloomberg Barclays U.S. Intermediate Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities with maturities of 1-10 years. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Benchmark descriptions

Bloomberg Barclays U.S. Long Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities with maturities of 10 years and greater. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Treasury (Ret): The index measures the performance of public obligations of the U.S. Treasury, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury TIPS 0-5 Years (Ret): The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L) with 0-5 year maturities.

Bloomberg Barclays U.S. Treasury TIPS 1-5 Years (Ret): The index measures the performance of inflation-protected securities with maturities of 1-5 years issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L), with a 38.5% market value weight in the index (as of December 31, 2010), but is not eligible for other nominal Treasury or Aggregate indices.

Bloomberg Barclays U.S. Treasury: 5-10 Yr (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 5-10 years, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury: Long (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 10 years and greater, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury: U.S. TIPS (Ret): The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L).

Bloomberg Barclays US Treasury Inflation Notes 5+ Years (Ret): The index measures the performance of inflation-protected securities issued by the U.S. Treasury (TIPS) with the maturities more than 5 years.

Bloomberg Barclays USD Emerging Markets Government RIC (Ret): The index measures the performance of US dollar-denominated bonds issued by emerging market governments, government agencies and government-owned corporations with maturities longer than one year. **CRSP US Total Market:** The index measures the performance of broad US securities that traded on NYSE, NYSE Market, NANASDAQ or ARCA. It captures nearly 100% of the US investable equity market with around 4000 constituents across mega, large, small and micro capitalizations.

Dow Jones U.S. Total Stock Market Index: The index measures the performance of all US equity securities with readily available prices. It represents the top 95% of the US stock market based on market capitalization. The index is float-adjusted market capitalization weighted.

FTSE GLOBAL ALL CAP EX US INDEX: The index measures the performance of large, mid and small cap stocks globally excluding the US. It is derived from the FTSE Global Equity Index Series (GEIS). The index is market-capitalization weighted.

MSCI ACWI - Daily: The index measures the performance of the large and mid cap segments of all country markets. It is free float-adjusted market-capitalization weighted.

MSCI ACWI ex USA - Daily: The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging markets. It is free float-adjusted market-capitalization weighted.

MSCI EM (EMERGING MARKETS) - Daily: The index measures the performance of the large and mid cap segments of emerging market equity securities. It is free float-adjusted market-capitalization weighted.

MSCI US BROAD MARKET INDEX - Daily: The index measures the performance of broad US equity markets. It includes constituents across large, mid, small and micro capitalizations, representing most of the US equity universe. The index is free float adjusted market-capitalization weighted.

MSCI US REIT INDEX - Daily: The index measures the performance of the large, mid and small cap segments of the US equity securities. It is comprised of Equity REITs securities and based on the MSCI USA Investable Market Index, with the exception of Mortgage REIT and selected Specialized REITs. The index represents approximately most of the US REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard. It is a free float market capitalization weighted index.

MSCI WORLD ex USA - Daily - Net: The index measures the performance of the large and mid cap segments of world, excluding US equity securities. It is free float-adjusted market-capitalization weighted. **Consumer Price Index for all Urban Consumers (CPI-U):** This index measures the changes in prices of goods and services purchased by urban households.

IA SBBI US Inflation: An unmanaged index designed to track the U.S. inflation rate. The Consumer Price Index for All Urban Consumers, or CPI-U, is used by IA SBBI to measure inflation, which is the rate of change of consumer goods prices.

US Treasury T-Bill Auction Ave 3 Month: Three-month T-bills are government backed-short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

Additional information

Gross Portfolio Returns represent client-specific time-weighted returns (TWR) of the entire portfolio including the deduction of mutual fund expense ratios, purchase/redemption fees, and other security-level expenses, but gross of advisory and service fees applied to the client portfolio.

Client performance inception date is generally the first month-end after initial funding.

Lipper Fund Average performance figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company, and was not adjusted for fees and loads.

Clients invested in Exchange-traded Funds "ETFs" transact at the market price during market trading hours. ETF performance for clients is also based on the market price at close, which may be different than the fund's Net Asset Value.

Market value and returns for individual securities are calculated using the client's daily custodial records. As a result, returns may vary slightly from the official month-end returns of a security as reported on Vanguard.com.

Glossary of risk metrics:

Standard Deviation is a risk measure of dispersion around the mean return.

Tracking Error is a relative risk measure of the standard deviation of excess returns.

Sharpe Ratio is a total risk measure of portfolio reward to variability.

Information Ratio is a relative risk measure of portfolio excess returns and tracking error.

Jensen's Alpha is a systematic risk measure of excess return adjusted for systematic risk.

Beta is a systematic risk measure of the sensitivity of portfolio returns to changes in benchmark returns.

R-Squared is the square of the correlation coefficient and is the proportion of portfolio returns variance that is related to benchmark returns variance.

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Source of Financial Statement Data: 10-K reports filed by the companies in the S&P 1500, as provided by S&P Capital IQ, a Standard & Poor's business.

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