

**California State University, Fresno**

**Foundation**

**2018-19**

**Budget**

**Approved by Board of Governors**

**June 7, 2018**

# California State University, Fresno Foundation

## 2018-19 Budget

### Introduction

The mission of the Fresno State Foundation is to advance the University's strategic objectives by encouraging philanthropy, inspiring leadership and promoting fiscal accountability.

The annual budget is a financial plan that reflects the various activities of the Foundation including post-award administration of sponsored programs, scholarship and loan funds, management of the endowment, acceptance of philanthropic gifts and grants, and other activities undertaken by the Foundation for the benefit of California State University, Fresno.

The sources of revenue for the Foundation are dependent upon funds received from indirect cost recovery earned on sponsored programs (grants and contracts), market performance of the endowment (endowment administrative fees), and earnings on non-endowed cash.

Management services are provided centrally by the California State University, Fresno Association, Inc. so that each campus auxiliary organization can benefit from staff expertise in accounting, legal, human resource management, including staff support to the Board of Governors.

### 2017-18 Accomplishments

1. Completed timely submission (September 15th) of the annual audited financial statements with an unqualified opinion, no findings on the Uniform Guidance audit of Federal funded sponsored programs, and no Management Letter findings.
2. In partnership with the Division of Research and Graduate Studies, provided post-award administration for \$36 million of grant and contract activity.
3. The Foundation provided \$8.5 million of financial support to the University through scholarships, program support, and special projects.
4. Earnings on non-endowed cash will exceed approved budget.
5. Continued migration activities towards implementing a new accounting system (ONESolution).
6. Established a second Student Managed Investment Fund to facilitate the experiential student management of assets associated with the Craig School Trading Room Endowment.
7. Approved a University loan to accommodate construction of the new Ruiz Executive MBA classroom building project.

## **2018-19 Goals**

1. Continue to meet with client focus groups (including PIs) in an effort to obtain feedback on areas of service and process improvement.
2. Continue to identify and invest in professional development and training for staff.
3. Work closely with the Board of Governors to implement Board-directed initiatives and programs.
4. Continue to work towards implementation and launch of our new ONESolution accounting software.

**Summary Sheet**

**2018-19 Foundation Budget**

**Date: June 07, 2018 – Board of Governors**

**Summary:**

**Major Assumptions:**

Income:

- Indirect Cost Recovery is estimated at \$2.80 million (approximately \$31 million of direct expenditure activity at an average indirect rate of 9.0%).
- Trust Account Handling fees were budgeted at \$250,000 based on actual YTD.
- Earnings on Non-Endowed Cash were budgeted at \$825,000 which represents a return of approximately 2.05% on anticipated average cash balances of \$40 million.
- Endowment Administrative Fee of \$1.561 million is same as the prior year, and represents 1.42% of an eligible endowment's December 31, 2017 market value. This percentage is compliant with UPMIFA given endowment payouts and market values. This amount will be booked on June 30, 2019 during the Foundation's 2018-19 fiscal year.

Expenses:

- Total *Personnel* expenses are approximately \$29,000 higher than our current year budget due to approved staff salary increases in 2017-18 and an increase in retiree benefit costs.
- *Audit Fees* are budgeted \$16,000 higher to accommodate one-time projects associated with new financial statement disclosure requirements and migration to a new accounting system.
- The *Corporate Management Services Fee* decreased by \$115,000 (16%) as compared to last year based on reduced staffing costs.
- *Depreciation* expense increased by approximately \$13,000 due to amortization of new accounting software.
- *Insurance* expense decreased by approximately \$17,000 due to a decrease in liability premiums.

Overall, our 2018-19 budget reflects projected surplus totaling \$2.6 million, and is \$452,000 more than the level required to support the annual distribution of \$2,150,000 to the University which will be distributed on July 1, 2018.

**CALIFORNIA STATE UNIVERSITY, FRESNO FOUNDATION  
2018-19 FOUNDATION BUDGET  
\*\* 06-07-2018 \*\***

	2015-16 <i>Actual</i>	2016-17 <i>Actual</i>	2017-18 <i>Budget</i>	<b>DRAFT 2018-19 <i>Budget</i></b>	Variance 2018-19 vs. 2017-18 Budget
<b>INCOME:</b>					
Indirect Cost Recovery	\$2,904,798	\$3,092,967	\$2,500,000	\$2,800,000	\$300,000
Trust Account Handling Charges	247,408	294,964	249,000	250,000	1,000
Miscellaneous Income	247	324	0	0	0
Earnings on Non-Endowed Cash	-1,003,682	2,626,571	825,000	825,000	0
Endowment Administrative Fee	1,561,000	1,561,000	1,561,000	1,561,000	0
<b>Total Income Without Gift Assessment Fees:</b>	<b>3,709,771</b>	<b>7,575,826</b>	<b>5,135,000</b>	<b>5,436,000</b>	301,000
Gift Assessment (Development):	0	0	0	0	0
<b>Total Income:</b>	<b>3,709,771</b>	<b>7,575,826</b>	<b>5,135,000</b>	<b>5,436,000</b>	301,000
<b>EXPENSES:</b>					
<u>Personnel:</u>					
Salaries	639,108	641,354	630,644	639,797	9,153
Student Assistants	39,059	44,410	47,000	51,000	4,000
Benefits	307,401	304,938	303,624	291,218	(12,406)
Benefits (Retirees)	108,455	394,921	100,000	128,500	28,500
Audit Fees	56,304	52,800	67,000	83,000	16,000
Board/Committee Meetings	9,335	9,667	10,500	10,000	(500)
Consultants/Special Projects	250	0	5,000	5,000	0
Corporate Mgmt Services Fee (Association)	698,073	711,185	722,934	607,441	(115,493)
CSU Trustee Scholarship	6,000	6,000	6,000	6,000	0
Depreciation	38,802	39,708	26,052	39,378	13,326
Dues/Memberships/Subscriptions	7,834	7,897	9,100	9,400	300
Equipment Leases	20,894	20,333	23,500	23,500	0
Employee Recruitment	57	1,641	2,200	2,000	(200)
Insurance	56,474	80,124	106,897	89,487	(17,410)
<u>Legal Expense (External):</u>					
Legal Fees - General (Corporate)	228	17,528	2,000	10,000	8,000
Legal Fees - Employment	3,192	3,653	10,000	2,500	(7,500)
Legal Fees - Sponsored Programs/Patents	0	3,000	3,000	0	(3,000)
Legal Fees - Gifts/Development	0	0	2,000	0	(2,000)
Licenses, Permits, Fees	11,269	11,378	14,300	13,325	(975)
Miscellaneous	1,732	2,216	6,000	5,000	(1,000)
Office Supplies	28,339	25,472	27,200	26,500	(700)
Postage	7,261	8,114	9,000	8,500	(500)
Repairs, Maintenance & Janitorial	20,284	28,214	27,000	30,000	3,000
Software	26,040	27,153	27,250	33,150	5,900
Travel/Training	3,473	5,590	6,500	6,500	0
Telephone	7,250	7,438	7,500	7,750	250
Utilities	23,536	24,913	24,600	25,000	400
Advancement Gift Assessment	360,000	360,000	360,000	360,000	0
University Indirect Costs	320,000	320,000	320,000	320,000	0
<b>Total Expenses:</b>	<b>\$2,800,650</b>	<b>\$3,159,647</b>	<b>\$2,906,802</b>	<b>\$2,833,945</b>	(72,857)
<b>Projected Surplus:</b>	<b>\$909,121</b>	<b>\$4,416,179</b>	<b>\$2,228,199</b>	<b>\$2,602,055</b>	373,856
<b>Less Allocation to Sponsored Program Reserve:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Less Distribution to University:</b>	<b>\$2,150,000</b>	<b>\$2,150,000</b>	<b>\$2,150,000</b>	<b>\$2,150,000</b>	
<b>Net Surplus:</b>	<b>-\$1,240,879</b>	<b>\$2,266,179</b>	<b>\$78,199</b>	<b>\$452,055</b>	

General Fund Reserve balance at June 30, 2017  
Unallocated Surplus, 2013-14 through 2016-17 (as of 04/18/18)  
Total

\$2,289,805  
\$2,842,823  
\$5,132,628