

California State University, Fresno
Foundation

2019-20
Budget

**Approved by Board of Governors
June 6, 2019**

California State University, Fresno Foundation

2019-20 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, information technology, and human resource management, including staff support to the Board of Governors.

2018-19 Accomplishments

1. Completed timely submission (September 20th) of the annual audited financial statements with an unqualified opinion and no findings on the Uniform Guidance audit of Federal funded sponsored programs.
2. In partnership with the Division of Research and Graduate Studies, provided post-award administration for \$34 million of grant and contract activity.
3. The Foundation provided \$9.0 million of financial support to the University through scholarships, program support, and special projects.
4. Continued migration activities towards implementing a new accounting system.
5. Allocated \$1.9 million of unallocated surplus to the General Fund Reserve to meet minimum requirement of \$4.3 million.
6. Took action to move towards a more aggressive target asset allocation for our Endowed Investment Portfolio.

2019-20 Goals

1. Continue to work towards implementation and launch of our new Finance Enterprise accounting software.
2. Continue to work closely with the Board of Governors to implement Board-directed initiatives and programs.
3. Continue to identify and invest in professional development and training for staff.
4. Work with our external auditors towards issuing our June 30, 2019 audited financial statements in accordance with new FASB accounting promulgation ASU 2016-14.
5. Negotiate the renewal of our Trinity Loan Agreement to continue supporting nursing scholarships within the College of Health and Human Services.

Summary Sheet

2019-20 Foundation Budget

Date: June 06, 2019 – Board of Governors

Summary:

Major Assumptions:

Income:

- Indirect Cost Recovery is estimated at \$3.0 million (approximately \$32 million of direct expenditure activity at an average indirect rate of 9.4%).
- Trust Account Handling fees were budgeted at \$280,000 based on actual YTD.
- Earnings on Non-Endowed Cash were budgeted at \$825,000 which represents a return of approximately 2.06% on anticipated average cash balances of \$40 million, same as amount for 2018-19.
- Endowment Administrative Fee of \$1.561 million is same as the prior year, and represents 1.43% of an eligible endowment's December 31, 2018 market value. This percentage is compliant with UPMIFA given endowment payouts and market values. This amount will be booked on June 30, 2020 during the Foundation's 2019-20 fiscal year.

Expenses:

- Total *Personnel* expenses are approximately \$53,000 higher than our current year budget due to approved staff salary increases in 2018-19 and an increase in PERS retirement costs.
- The *Corporate Management Services Fee* increased by \$65,000 (16%) as compared to last year.
- *Depreciation* expense decreased by approximately \$22,000 due to the delayed implementation of new accounting software.
- *Insurance* expense increased by approximately \$9,000 due to an AORMA Program increase in liability premiums.
- *Legal Fees* for Sponsored Programs and Gifts increased due to anticipated outside counsel costs because of vacancy of Auxiliary Staff Counsel position.
- *Software* expense increased by approximately \$8,000 due to increases in software licensing costs to manage scholarships and effort reporting.
- *University Indirect Costs* increased by \$102,000 due to an increase in direct and expenditures associated with sponsored program activity (research).

Overall, the 2019-20 budget reflects a projected surplus totaling \$2.541 million after the annual distribution of \$2.15 million to the University. There will be a surplus of \$391,000.

**CALIFORNIA STATE UNIVERSITY, FRESNO FOUNDATION
2019-20 FOUNDATION BUDGET**

	2016-17 <i>Actual</i>	2017-18 <i>Actual</i>	2018-19 Budget	2019-20 Budget	Variance 2019-20 vs. 2018-19 Budget
INCOME:					
Indirect Cost Recovery	\$3,092,967	\$3,058,042	\$2,800,000	\$3,000,000	\$200,000
Trust Account Handling Charges	294,964	288,428	250,000	280,000	30,000
Miscellaneous Income	324	821	0	0	0
Earnings on Non-Endowed Cash	2,626,571	1,802,170	825,000	825,000	0
Endowment Administrative Fee	1,561,000	1,561,000	1,561,000	1,561,000	0
Total Income:	7,575,826	6,710,461	5,436,000	5,666,000	230,000
EXPENSES:					
<u>Personnel:</u>					
Salaries	641,354	655,596	639,797	645,053	5,256
Student Assistants	44,410	48,853	51,000	50,000	(1,000)
Benefits	304,938	296,779	291,218	343,099	51,881
Benefits (Retirees)	394,921	75,396	128,500	125,000	(3,500)
Audit Fees	52,800	51,500	83,000	77,500	(5,500)
Board/Committee Meetings	9,667	6,828	10,000	10,000	0
Consultants/Special Projects	0	25,450	5,000	4,500	(500)
Corporate Mgmt Services Fee (Association)	711,185	722,934	607,441	672,434	64,993
CSU Trustee Scholarship	6,000	6,000	6,000	6,000	0
Depreciation	39,708	27,033	39,378	16,952	(22,426)
Dues/Memberships/Subscriptions	7,897	8,923	9,400	11,870	2,470
Equipment Leases	20,333	20,662	23,500	23,000	(500)
Employee Recruitment	1,641	28	2,000	1,500	(500)
Insurance	80,124	106,194	89,487	98,697	9,210
<u>Legal Expense (External):</u>					
Legal Fees - General (Corporate)	17,528	9,382	10,000	10,000	0
Legal Fees - Employment	3,653	357	2,500	2,500	0
Legal Fees - Sponsored Programs/Patents	3,000	3,746	0	50,000	50,000
Legal Fees - Gifts/Development	0	0	0	25,000	25,000
Licenses, Permits, Fees	11,378	9,845	13,325	18,000	4,675
Miscellaneous	2,216	2,817	5,000	4,700	(300)
Office Supplies	25,472	22,477	26,500	26,000	(500)
Postage	8,114	7,996	8,500	9,500	1,000
Repairs, Maintenance & Janitorial	28,214	27,826	30,000	28,000	(2,000)
Software	27,153	38,587	33,150	41,000	7,850
Travel/Training	5,590	3,045	6,500	6,500	0
Telephone	7,438	7,542	7,750	7,500	(250)
Utilities	24,913	26,739	25,000	28,500	3,500
Advancement Support	360,000	360,000	360,000	360,000	0
University Indirect Costs	320,000	320,000	320,000	422,000	102,000
Total Expenses:	\$3,159,647	\$2,892,535	\$2,833,945	\$3,124,806	290,861
Projected Surplus:	\$4,416,179	\$3,817,926	\$2,602,055	\$2,541,195	(60,860)
Less Allocation to Sponsored Program Reserve:	\$0	\$93,469	\$0	\$0	
Less Distribution to University:	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	
Net Surplus:	\$2,266,179	\$1,574,457	\$452,055	\$391,195	
General Fund Reserve balance at March 31, 2019				\$4,300,000	
Unallocated Surplus (as of 03/31/19)				\$2,529,522	
Total				\$6,829,522	