



THE CSU, CHICO RESEARCH FOUNDATION

FY18-19 Budget Report

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General Overview

About the Foundation

Created in 1997, The CSU, Chico Research Foundation (RF) is an auxiliary, 501(c)(3) organization of CSU, Chico. It is considered a component unit of the University and operates at its discretion. Through an operating agreement that is renewed every five years, the Foundation supports and provides business services for Sponsored Programs and Campus Programs activities of the University. As a separate corporation, the Foundation may conduct other business activities including property management.

In addition to restricted programs activities, the Foundation houses discretionary funds of campus units which result from board allocations, earnings from various project activities, and investment income.

Time of Transition

The Foundation has experienced a great deal of transition in its leadership, management, and staffing over the prior five years. Changes in campus leadership significantly impacted the RF board, with five of its thirteen members being comprised of ex-officio CSU, Chico leadership. Since 2011, the RF has been led by 2 permanent Executive Directors and 2 Interim Executive Directors. In addition, the Associate Vice Provost for Research position, which partners with the RF Executive Director, has been filled by three individuals since 2014, including one interim appointment.

In addition to leadership changes, the Foundation has been challenged by audit findings in recent years related to non-compliance with policies and legacy accounting practices. These challenges were compounded by rapid management and staff turnover, but the Foundation has made great progress.

What we've accomplished so far

The Foundation has implemented corrective actions related to identified compliance issues and has begun improving its processes. Turnover in staffing and management has declined, with leadership positions stabilized. An increase in the transparency of financial reporting is generating important discussions around Foundation activities.

Under the leadership of the President of the Foundation, Debra Larson, (Provost and Vice President for Academic Affairs) the Board of Directors has been re-engaged. With a focus on board composition, the bylaws were amended to allow for additional key participation from community members who bring significant non-profit governance and financial expertise. The Treasurer of the Foundation, Robbi Stivers (Vice President for Business and Finance), encourages transparency and has worked to bring the Foundation into compliance with its own policies.

Opportunities for improvement

As the Foundation moves away from corrective actions into operating as a modern, efficient organization, it is poised to provide additional support to the University. The Associate Vice Provost for Research is making efforts to increase Sponsored Programs activities to support the academic programs of the campus and to increase indirect cost recovery. RF management is maximizing the dollars of the Foundation through efforts to improve efficiency and to maximize investment earnings. The policies of the Foundation are being updated and reviewed, with a focus on both the needs of RF stakeholders and overall Foundation administration.

With the budget of CSU, Chico tightening, it is imperative that the Foundation focus its efforts in saving and maximizing existing dollars. The improvements made in recent years will help the Foundation to also seek additional revenue opportunities to further support CSU, Chico.

Foundation Funds

RF General Fund

The RF General Fund's purpose is to account for the administrative operating activity of the Foundation and to hold the reserves and unrestricted funds of the Foundation.

Historically, activities that may have been better placed in other funds have been inadvertently included in the RF General Fund. For example, funds sets aside to pay for future employee benefit obligations are not funds available for operations and may be better placed in the Board Designated Fund. Additionally, managing the lease of Nettleton Stadium to the Chico Heat baseball team was historically placed in the RF General Fund rather than be included more appropriately as a Campus Program. At June 30, 2018, the RF General Fund will be "cleaned" in efforts to more correctly classify activities.

Board Designated Fund

The Board Designated Fund has a few main categories of funds:

- Discretionary accounts of campus units and Principal Investigators (PIs)
- The RF Professional Development account
- The F&A Reserve (previously known as the "Faculty Incentive Reserve,") (These funds have historically resided in the RF General Fund and will be moved to the Board Designated Fund by June 30, 2018.)
- Other Board Designations, including the Software upgrade allocation

F&A (facilities and administration) distributed to the academic areas generating Sponsored Programs work, Surplus distributions, and annual board allocations are held in the Board Designated Fund.

Auxiliary Activities Fund

The Auxiliary Activities Fund holds the self-support, "entrepreneurial" activities of the Foundation. The Ecological Reserves, North State Public Radio, the University Farm, and the Orion operate through this fund.

Sponsored Programs Fund

The Sponsored Programs Fund accounts for externally funded grants and contracts. Within the Sponsored Programs Fund, many Centers and Institutes operate. As the Foundation moves forward, we have identified the need to review categories of placement of work, as different funds have different Foundation policies. Some operations within Sponsored Programs could potentially be defined as Auxiliary activities.

Campus Programs Fund

Campus Programs Fund operations are broad and inclusive of all activities that are not specifically categorized elsewhere. This includes camps, Regional and Continuing Education, and other campus activities. As noted in the Sponsored Programs description, the Foundation has identified the need to consistently categorize activities and will be reviewing definitions moving forward.

Financial review at March 31, 2018

The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are presented at March 31, 2018 with comparative balances at June 30, 2017. As the Foundation continues to improve its practices, mid-year reporting will become more valuable; at March 31, 2018 areas that we are working to improve are evident.

The Sponsored Programs Fund holds the highest volume of transactions within the Foundation. We expect a negative cash position in this fund due to the requirement to bill after dollars have been spent. However, a negative balance in Unbilled Revenue results from a prior accounting practice of using the balance sheet to track contract balances. RESP is working to resolve these amounts by June 30, 2018, and at that time, the Foundation will be fully compliant with generally accepted accounting principles.

Significant transfers out from the Sponsored Programs Fund were expected during FY17-18 due to the reaffirmation of the Surplus Policy. Significant net position balances had accumulated in the Sponsored Programs Fund, and represented surplus balances from closed projects. Those surplus funds were transferred from the Sponsored Programs Fund to the Board Designated Fund, with indirect cost recovery transferred to the RF General Fund.

Billing for Sponsored Programs occurs after expenses are incurred. Due to timing differences, the financials at March 31, 2018 do not capture actual revenue due to the Foundation at this date. At June 30, 2018, accruals are calculated to address this challenge. Moving forward, we will be working to accrue accurate revenue at quarter-ends.

Overall Research Foundation Financials at March 31, 2018

Statement of Net Position

	RF General Fund	Plant and Bond Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Campus Programs Fund	Totals	
							March 31, 2018	June 30, 2017
ASSETS								
Cash and investments	\$ 6,740,662	\$ (185,776)	\$ 4,163,004	\$ 126,635	\$ (1,654,848)	\$ 7,824,336	\$ 17,014,013	\$ 14,449,506
Accounts receivable, net	160,248	-	611	93,327	1,701,850	146,276	2,102,312	5,455,490
Unbilled revenue	-	-	-	-	(909,919)	-	(909,919)	3,265,992
Inventories	-	-	-	190,346	-	-	190,346	179,546
Prepaid expenses and other assets	227,609	-	33,252	9,771	96,102	112,003	478,737	311,206
Notes receivable - net	-	-	-	-	-	29,060	29,060	22,095
Capital assets - net	-	7,518,085	-	1,932,003	-	12,478	9,462,566	11,102,997
TOTAL ASSETS	7,128,519	7,332,309	4,196,867	2,352,082	(766,815)	8,124,153	28,367,115	34,786,832
LIABILITIES								
Accounts payable	32,898	-	15,840	-	-	259,357	308,095	1,474,570
Accrued expenses and other liabilities	1,181,933	19,850	-	1,233	-	104,628	1,307,644	1,511,931
Unearned revenue	-	-	-	-	1,752,481	5,405	1,757,886	2,037,093
Deposits held for others	-	-	-	2,058	-	-	2,058	-
Interfund (receivables) payables	(244,418)	-	-	244,418	-	-	-	-
Long-term debt obligations	-	2,560,535	-	73,971	-	-	2,634,506	2,731,940
Other postemployment benefits obligation	598,646	-	-	-	-	-	598,646	598,646
Reserve for grant cost disallowance	236,539	-	-	-	-	-	236,539	236,539
TOTAL LIABILITIES	1,805,598	2,580,385	15,840	321,680	1,752,481	369,390	6,845,374	8,590,719
Total Net Position	\$ 5,322,921	\$ 4,751,924	\$ 4,181,027	\$ 2,030,402	\$ (2,519,296)	\$ 7,754,763	\$ 21,521,741	\$ 26,196,113

Statement of Revenue, Expenses, and Changes in Net Position

	RF General	Plant and	Board	Auxiliary	Sponsored	Campus	Totals	
	Fund	Bond Fund	Designated	Activities	Programs	Programs	March 31, 2018	June 30, 2017
	Fund	Fund	Fund	Fund	Fund	Fund		
Revenues and Other Support								
Agriculture and enterprise sales	\$ -	\$ -	\$ -	\$ 1,414,576	\$ -	\$ 32,209	\$ 1,446,785	\$ 2,058,481
Sponsored program receipts	-	-	(7,183)	-	16,125,573	-	16,118,390	27,490,858
Agriculture research initiative	-	-	-	-	355,502	-	355,502	483,625
University program receipts	533	-	-	-	-	2,329,871	2,330,404	3,953,575
Interest and investment income	250,713	-	-	1,373	1,398	36,824	290,308	313,461
Other income	472,886	1,012,350	10,842	-	-	52,483	1,548,561	894,022
Total Revenue and Other Support	724,132	1,012,350	3,659	1,415,949	16,482,473	2,451,387	22,089,950	35,194,022
Expenses								
Auxiliary activities' cost of sales	-	-	-	267,396	-	-	267,396	357,191
Auxiliary activities' expense	-	-	-	1,532,598	300	41,201	1,574,099	2,504,056
Sponsored programs' disbursements	-	-	-	-	16,280,338	-	16,280,338	25,046,683
University programs' expenses	721	-	-	-	-	2,418,320	2,419,041	3,906,442
Foundation administration	5,925,200	17,738	329,693	-	-	-	6,272,631	3,966,821
Faculty and grant development	-	-	-	-	-	-	-	490,901
Interest expense	-	111,650	-	106	-	-	111,756	94,009
Other expense	-	406,148	-	-	-	-	406,148	717,722
Total Expenses	5,925,921	535,536	329,693	1,800,100	16,280,638	2,459,521	27,331,409	37,083,825
Change in Net Position Before Transfers	(5,201,789)	476,814	(326,034)	(384,151)	201,835	(8,134)	(5,241,459)	(1,889,803)
Transfers								
Transfers with CSU, Chico	-	-	(63,411)	201,630	-	(48,933)	89,286	(195,280)
Transfers with other auxiliaries	(9)	-	(9,263)	348,608	656	137,808	477,800	471,950
Indirect cost recovery transfers	2,366,657	-	(32,172)	-	(2,334,485)	-	-	-
Administrative fee transfers	366,961	-	-	(175,167)	(800)	(190,994)	-	-
Interfund transfers	4,045,859	(1,995,522)	1,855,507	(140,303)	(3,686,908)	(78,633)	-	-
Net Transfers	6,779,468	(1,995,522)	1,750,661	234,768	(6,021,537)	(180,752)	567,086	276,670
Increase (Decrease) in Net Position	1,577,679	(1,518,708)	1,424,627	(149,383)	(5,819,702)	(188,886)	(4,674,373)	(1,613,133)
Net Position - Beginning of Year	3,745,242	6,270,632	2,756,400	2,179,785	3,300,406	7,943,649	26,196,114	27,809,246
Net Position - End of Year	\$ 5,322,921	\$ 4,751,924	\$ 4,181,027	\$ 2,030,402	\$ (2,519,296)	\$ 7,754,763	\$ 21,521,741	\$ 26,196,113

The RF General Fund Proposed Budget

RF General Fund Summary

The RF General Fund includes the operating sources and uses for the general activities of the RF. Operating sources are primarily cost reimbursement, consisting of indirect cost recovery from externally funded work, administrative fees collected internally in the RF, and administrative fees collected from the University Foundation for business services. As the “bank” for programs of CSU, Chico, the RF also earns investment income on its holdings.

The uses or expenses of the RF General fund relate directly to administrative costs necessary to support the various activities of the RF. Administrative expenses for the RF Administrative office (RF Admin) and the Office of Research and Sponsored Programs (RESP) are paid from the indirect and administrative fees collected. Funds are also used to pay shared organizational expenses and CSU, Chico is reimbursed for various support activities funded through indirect costs.

The reserves, or Net Position, are subject to the Foundation Reserve Policy. These funds support working capital needs and reserves for capital replacement. RF General Fund net position in excess of the funds defined by the reserve policy are unrestricted funds of the Foundation and have historically been used to support property purchases for CSU, Chico.

Summary RF General Fund financials are presented below, followed by additional summary information for sources and uses of funds. Complete budget to actual tables are included beginning on page 16.

RF General Fund Proposed Budget

	FY15-16 Actual	FY16-17 Actual	FY17-18 Projected	FY18-19 Budget
Operating Activities				
Operating sources				
Expense recovery	\$ 4,060,376	\$ 4,333,209	\$ 4,338,460	\$ 4,338,325
Investment income	171,759	64,778	175,804	250,000
Other	53,445	36,175	16,783	92,000
Total Operating sources	4,285,580	4,434,162	4,531,047	4,680,325
Operating uses				
Foundation Administration	(1,486,589)	(1,453,347)	(1,596,478)	(1,614,414)
Sponsored Programs	(1,341,862)	(1,172,741)	(1,426,327)	(1,611,605)
RF-RESP Shared Costs	(785,449)	(708,021)	(956,319)	(1,060,120)
25/35 Main cost allocations, Centers	(201,720)	(191,970)	(211,927)	(235,996)
Total Operating uses	(3,815,620)	(3,526,079)	(4,191,051)	(4,522,135)
Other Operating activity				
Reporting corrections	-	(97,894)	(25,400)	-
Operating Activities net	469,960	810,189	314,596	158,190
Board Allocations				
Outstanding Professor/Staff Awards	(6,250)	-	-	-
President's Discretionary	(20,000)	(20,000)	(20,000)	(20,000)
Summer Scholars	(25,000)	(25,000)	(25,000)	(25,000)
Software upgrade	-	(176,642)	(366,290)	-
Board Allocations total	(51,250)	(221,642)	(411,290)	(45,000)
Other Sources and Uses				
Adjustment to Grant cost disallowance	-	30,918	-	-
Sale of College Park houses	-	-	1,829,361	-
GIC vacation accrual correction	-	-	(179,633)	-
Other Sources and Uses net	-	30,918	1,649,728	-
Transfer to Faculty Incentive	(349,544)	(318,974)	(450,115)	(104,913)
Change in RF General Net Position	\$ 69,166	\$ 300,492	\$ 1,102,919	\$ 8,277
Net Position at the beginning of the year	\$ 1,937,061	\$ 2,006,227	\$ 2,306,719	\$ 3,409,638
Net Position at the end of the year	\$ 2,006,227	\$ 2,306,719	\$ 3,409,638	\$ 3,417,914

See additional detail at page 17.

Operating Sources

	FY15-16	FY16-17	FY17-18	FY18-19
	Actual	Actual	Projected	Budget
Expense recovery				
Indirect cost recovery (F&A)	\$ 2,778,184	\$ 3,123,654	\$ 3,194,987	\$ 3,146,525
University Foundation business services	596,364	569,788	570,403	596,741
Administrative fees	473,863	426,798	419,081	440,035
ARI administration	85,000	85,000	85,000	85,000
University lease - 25/35 Main	66,965	67,969	68,989	70,023
25/35 Main transfer - ARD support	60,000	60,000	-	-
Total Expense recovery	4,060,376	4,333,209	4,338,460	4,338,324
Investment income	171,759	64,778	175,804	250,000
Other income	53,445	36,175	16,783	92,000
Total Operating Sources	\$ 4,285,580	\$ 4,434,162	\$ 4,531,047	\$ 4,680,324

See additional detail at page 18.

Indirect cost recovery (F&A)

Indirect cost recovery or Facilities and Administrative costs (F&A) results from charges to externally funded grants and contracts. The rate that may be charged is negotiated by the RF every 5 years with the Federal Department of Health and Human Services. Currently, the RF/CSU, Chico may charge 41.5% for on-campus work and 18.5% for off-campus work. The difference in rate results from the costs of facilities on-campus, and whether those facilities are used in project work.

Many funders will not pay the federally negotiated rates and set their own rates that are allowable for specific agencies or agreements. Additionally, for some funded projects, charging “full-indirect” will result in the RF/CSU, Chico not receiving an award. These factors are considered in the evaluation of the Associate Vice Provost for Research in negotiating rates for specific projects. Some projects may be funded at full indirect, while others may return 5% or less.

The overall portfolio for the RF returns between 11-13% total indirect cost recovery. Prudent financial management would guide that the average recovery should reimburse the overall cost of providing services. As the Foundation moves forward and improves its financial reporting for Sponsored Programs, more efforts will be made to review cost recovery in the interest of covering costs.

University Foundation Business Services

The RF Admin office provides accounting, payroll, human resource, and endowment and trust administration services for the University Foundation. The amounts charged from the RF to the UF are intended to be cost-reimbursable for services provided.

Administrative fees and ARI administration

Administrative fees are collected from the Campus Programs of the RF to provide overall administrative services, calculated at 8% of expenses. The cost of administrative services is greater than 8%, and prior

policies of the RF document that the reduced rate is charged to keep costs low for program activities. Investment earnings are used to offset administrative costs, and not applied directly to project accounts.

RESP administers Agricultural Research Initiative (ARI) funds for the CSU Chancellor’s office, receiving \$85,000 per year for that activity.

25-35 Main support

RESP has both Foundation and CSU, Chico employees, and CSU, Chico reimburses the Foundation for the space in 25 Main Street occupied by CSU, Chico employees.

RF Administrative Operating Expenses

	FY15-16 Actual	FY16-17 Actual	FY17-18 Projected	FY18-19 Budget
General Administration	\$ 329,994	\$ 391,914	\$ 319,745	\$ 342,928
Accounting and Payroll	820,193	714,632	826,368	848,618
Human Resources	336,402	346,801	450,366	422,868
Total Foundation Administration	\$ 1,486,589	\$ 1,453,348	\$ 1,596,478	\$ 1,614,414

See additional detail at page 19.

The operations of the RF shifted dramatically in FY15-16 when the RF assumed responsibility for its own accounting and payroll functions. Prior to July 1, 2015, the Associated Students had been contracted to provide those services. From December of 2014 to May of 2015, the RF grew its staff by 11 employees to prepare for the shift. Since assuming those functions, the RF has experienced improvements in processes and financial reporting, and it became better positioned to work on its needed software upgrade.

Significant turnover, restructure of staffing, and organizational improvements impacted RF Administrative operating expenses, but overall expenses of providing general, accounting, payroll, and human resource functions have experienced predictable increases.

The 4-year projected increase in total budget is approximately \$126,323 or 8.5% from FY15-16 to FY18-19. Payroll expenses and benefits have increased by approximately 10% during that time-period. Overall, the budget is anticipated to minimally increase 1% from FY17-18 anticipated actuals to FY18-19.

The Office of Research and Sponsored Programs (RESP) Operating Expenses

	FY15-16 Actual	FY16-17 Actual	FY17-18 Projected	FY18-19 Budget
Sponsored Programs				
Wages and benefits	\$ 1,095,006	\$ 1,016,389	\$ 1,296,349	\$ 1,391,000
Contract services	306	20,542	9,892	27,000
Office operations	161,079	47,452	31,618	78,610
Professional development	5,579	13,706	14,245	24,400
Facilities	79,892	74,652	73,722	86,095
Grant cost disallowance	-	-	501	4,500
Total Sponsored Programs	\$ 1,341,862	\$ 1,172,741	\$ 1,426,327	\$ 1,611,605

See additional detail at page 20.

RESP has experienced significant changes in staffing since the Fall of 2014, with the turnover of long-time management staff. Vacant positions reduced the office's actual expenses in FY16-17, and the expenses were adjusted in FY17-18. The increase from FY17-18 to FY18-19 of \$185,278 or 13% includes costs related to the development of additional grants and contracts. More effort is focused in FY18-19 to foster research on campus, through investing in professional development and improving communication via the RESP website to its stakeholders.

RF-RESP Shared Expenses

	FY15-16 Actual	FY16-17 Actual	FY17-18 Projected	FY18-19 Budget
CSU, Chico payments	\$ 363,931	\$ 179,472	\$ 369,569	\$ 335,622
Audit, tax, and other consulting	96,827	133,969	105,263	109,370
Information Technology	266,512	295,440	350,629	485,128
Insurance	58,179	99,140	130,857	130,000
Total Shared Organizational Expenses	\$ 785,449	\$ 708,021	\$ 956,319	\$ 1,060,120

See additional detail at page 21.

Payments to CSU, Chico

The RF receives support from CSU, Chico in various areas. The payments to CSU, Chico are for services including Risk Management, Property Management, technology services, and facility usage. The federal indirect cost recovery rate (currently 41.5% for on-campus and 18.5% for off-campus) includes CSU, Chico expenses, so these payments are a return of some of the indirect cost recovery to CSU, Chico.

Audit, tax, and other consulting

These expenses are overall organizational expenses necessary for compliance, financial reporting, and indirect cost proposal development.

Information Technology

The IT office of the RF is managed through the RF Admin office and provides overall services to all RF activities, including administration, Centers, and programs. Additionally, IT expenses support the business services provided to the University Foundation.

The IT budget has grown over time as the RF endeavors to become a modern organization. With many paper-based processes and systems requiring significant staff time of accountants, analysts, and technicians, the RF has been investing in IT to find future efficiencies. Increases in costs are expected as the RF upgrades its software, but efficiencies will be realized in future fiscal years as the software is fully implemented.

Software implementation will go-live in the summer of 2018, with significant improvements including electronic processing anticipated to be completed in the Fall of 2018.

The RF has historically paid the Associated Students (AS) contract service fees to host its financial software, and the AS will continue to provide services until the new software is fully implemented and users are comfortable with the new systems. The AS annual fees have been approximately \$122,000 per year for inclusive services, and those costs are being replaced by Superior's cloud hosting and maintenance, totaling approximately \$120,000. The RF will need to increase its internal staff to support the financial system, at an estimated cost of \$50,000 per year. While support costs for software are increasing, the savings resulting from efficiencies are anticipated to far outweigh additional IT expenses.

Amortization of the software upgrade begins in FY18-19. This amortization expense will be recognized over three years and will be offset by the board designated funds for the software upgrade. In fiscal years 16-17 and 17-18, the board allocated the contract amount of \$542,932. With project management costs, estimated total upgrade costs of \$809,745 are anticipated. Annual amortization of three years will be expenses of \$269,915, offset by the board designated funds of \$180,977 per year, leaving an annual expense of \$88,938 for three years beginning in FY18-19. In FY20-21, this software upgrade will be fully amortized, and after that time, the RF should experience savings in information technology.

25-35 Main cost allocation, Centers

Several Centers/activities reside at 25 and 35 Main Street: the Community Legal Information Center (CLIC), North State Public Radio (NSPR), the Geographical Information Center (GIC), the Center for Economic Development (CED), Passages, and the Center for Healthy Communities (CHC).

CLIC is an activity that is external to the RF and is charged rent for the space CLIC occupies.

The other activities listed are internal to the RF and cost allocations for the space occupied by those activities is calculated annually. NSPR is the only internal activity which is charged facilities cost allocation as a direct cost. The other activities' facilities allocations are paid from collected indirect cost recovery.

This variance in treatment is due to NSPR operating as an auxiliary, self-support activity, while the other Centers are included in Sponsored Programs. Sponsored Programs pay indirect cost recovery, and the assumption has been that indirect cost recovery includes facilities charges. Financial analysis shows some Sponsored Programs activities generate sufficient indirect cost recovery to cover the cost of their facilities, while others do not.

Charging “rent” or cost allocations for 25-35 Main directly to its occupants has been a sensitive topic for many years, as the cost allocations are significant budget items. For example, NSPR’s current cost allocation exceeds \$90,000 per year, while in FY13-14, NSPR was not charged facilities expense. These facilities charges significantly impacted NSPR’s financial situation.

The RF currently inconsistently charges the occupants of 25-35 Main Street and has identified a need to evaluate its cost recovery approach for 25-35 Main Street. This sensitive topic will require discussion and financial analysis. Applying facilities costs to indirect cost recovery effectively reduces the Operating net income of the RF, which reduces the amount of funding distributed via the F&A distribution.

Additional budget discussion for 25-35 Main is on page 24.

Software Upgrade

	FY17-18			Software Upgrade Total
	FY16-17 Actual	Projected	FY18-19 Budget	
Contract services	\$ 168,124	\$ 113,900	\$ 260,908	\$ 542,932
Internal Project Management	8,518	144,768	6,553	266,813
Total Software Upgrade	\$ 176,642	\$ 258,668	\$ 267,461	\$ 809,745

The Foundation’s software for accounting, payroll, and human resources was last updated in 2003. Some form of software exploration and contract negotiation occurred from 2007-2014. Following failed contract negotiations in the Fall of 2014, the RF was ultimately able to execute its agreement to upgrade software in March of 2017.

The board allocated \$542,932 for the software upgrade from general reserves, as prior years’ maintenance included the costs of maintaining up-to-date versions of the software. While the project was under exploration, it was decided to not install upgrades, as the RF anticipated moving away from the software. Because the stakeholders of the RF had previously paid for upgrades, the board agreed to approve paying for the upgrade implementation contract from reserves.

Other Operating Activity

Contract services fees including legal and accounting services were needed to resolve non-compliance with financial reporting. These reporting corrections were one-time costs.

Board Allocations

The Foundation board has annually reviewed and approved special allocations for awards and discretionary funding. These allocations are subject to board vote in approving the budget.

One-time board allocations have been approved for the software upgrade, described above.

Other Sources and Uses

The Foundation holds a reserve for Grant cost disallowance – expenses that upon review by an external funder are deemed unallowable and due back to the funder. The RF has not experienced significant

need to fund unallowable expenses. The reserve or liability for grant cost disallowance was reduced in FY16-17, creating an addition to the RF General Fund of \$30,918.

A function of the Foundation has been to purchase and hold property for the campus. The Foundation held several houses in the College Park neighborhood, and upon the sale of the houses to the campus in July of 2017, \$1,829,631 was returned to the RF General Fund.

The GIC vacation accrual adjustments resulted from uncommon accounting practices. In closing fiscal years, funds were consolidated rather than continuing with their individual purpose. Over the prior few fiscal years, most of the accounting was corrected, but in FY17-18, it was identified that \$179,633 of fund balance was due to the GIC vacation accrual account. Additionally, GIC's vacation accrual for employees had been overcalculated, and approximately \$470,000 was distributed back to the projects that were initially charged.

Transfer to Faculty Incentive Reserve

The faculty incentive reserve is defined in a board approved policy to set aside cost recovery for the purpose of incentivizing additional development and research. The current formula is for 80% of the first \$50,000, and 60% of the remaining net operating activity of the RF General Fund to be set aside for faculty incentive distribution.

Outlook for the RF General Fund

The Operating Activities Net Income is a critical figure in determining the support that the Foundation can offer to the campus. It drives the amount of F&A distribution available to academic areas, and helps to build financial reserves that can be used to purchase property or support the campus in other ways.

Operating Net Income has been inconsistent due to the amount of transition the RF has experienced. As we move forward, the expectation will be to see greater income, as we not only stabilize our administrative offices, but as we make improvements and find efficiencies. Additionally, the campus and the Foundation endeavor to increase research and other scholarly activities on campus, generating more Sponsored Program dollars for the Foundation.

We have also experienced significant one-time corrections and costs over the last several years. We are confident that those adjustments will not be challenges in the future.

Detailed Financial Reports

Fiscal year 2017-18 Budget to Actual

Fiscal year 2018-19 Proposed Budget

RF General Fund Budget to Actual

	FY15-16 Actual	FY16-17 Actual	FY17-18 Budget to Actual			FY18-19 Proposed Budget		
			FY17-18 Budget	FY17-18 Projected	% realized	FY18-19 Budget	\$ change from PY	% change from PY
Operating Activities								
Operating sources								
Expense recovery	\$ 4,060,376	\$ 4,333,209	\$ 4,135,271	\$ 4,338,460	105%	\$ 4,338,325	\$ (135)	0%
Investment income	171,759	64,778	109,450	175,804	161%	250,000	74,196	42%
Other	53,445	36,175	-	16,783	---	92,000	75,217	448%
Total Operating sources	4,285,580	4,434,162	4,244,721	4,531,047	107%	4,680,325	149,278	3%
Operating uses								
Foundation Administration	(1,486,589)	(1,453,347)	(1,489,603)	(1,596,478)	107%	(1,614,414)	(17,936)	1%
Sponsored Programs	(1,341,862)	(1,172,741)	(1,310,713)	(1,426,327)	109%	(1,611,605)	(185,278)	13%
RF-RESP Shared Costs	(785,449)	(708,021)	(830,218)	(956,319)	115%	(1,060,120)	(103,801)	11%
25/35 Main cost allocations, Centers	(201,720)	(191,970)	(211,927)	(211,927)	100%	(235,996)	(24,069)	11%
Total Operating uses	(3,815,620)	(3,526,079)	(3,842,461)	(4,191,051)	109%	(4,522,135)	(331,084)	8%
Other Operating activity								
Reporting corrections	-	(97,894)	-	(25,400)	---	-	25,400	-100%
Operating Activities net	469,960	810,189	402,260	314,596	78%	158,190	(156,406)	-50%
Board Allocations								
Outstanding Professor/Staff Awards	(6,250)	-	-	-	---	-	-	---
President's Discretionary	(20,000)	(20,000)	(20,000)	(20,000)	100%	(20,000)	-	0%
Summer Scholars	(25,000)	(25,000)	(25,000)	(25,000)	100%	(25,000)	-	0%
Software upgrade	-	(176,642)	(516,337)	(366,290)	71%	-	366,290	-100%
Board Allocations total	(51,250)	(221,642)	(561,337)	(411,290)	73%	(45,000)	366,290	-89%
Other Sources and Uses								
Adjustment to Grant cost disallowance	-	30,918	-	-	---	-	-	---
Sale of College Park houses	-	-	1,829,361	1,829,361	100%	-	(1,829,361)	-100%
GIC vacation accrual correction	-	-	-	(179,633)	---	-	179,633	-100%
Other Sources and Uses net	-	30,918	1,829,361	1,649,728	90%	-	(1,649,728)	-100%
Transfer to Faculty Incentive	(349,544)	(318,974)	(251,357)	(450,115)	179%	(104,913)	345,202	-77%
Change in RF General Net Position	\$ 69,166	\$ 300,492	\$ 1,418,927	\$ 1,102,919	78%	\$ 8,277	\$ (1,094,642)	-99%

Operating Sources Budget to Actual

	FY15-16 Actual	FY16-17 Actual	FY17-18 Budget to Actual			FY18-19 Proposed Budget		
			FY17-18 Budget	FY17-18 Projected	% realized	FY18-19 Budget	\$ change from PY	% change from PY
Expense recovery								
Indirect cost recovery (F&A)	\$ 2,778,184	\$ 3,123,654	\$ 2,850,000	\$ 3,194,987	112%	\$ 3,146,525	\$ (48,462)	-2%
University Foundation business services	596,364	569,788	570,402	570,403	100%	596,741	26,338	5%
Administrative fees	473,863	426,798	600,880	419,081	70%	440,035	20,954	5%
ARI administration	85,000	85,000	45,000	85,000	189%	85,000	-	0%
University lease - 25/35 Main	66,965	67,969	68,989	68,989	100%	70,023	1,034	1%
25/35 Main transfer - ARD support	60,000	60,000	-	-	---	-	-	---
Total Expense recovery	4,060,376	4,333,209	4,135,271	4,338,460	105%	4,338,324	(136)	0%
Investment income	171,759	64,778	109,450	175,804	161%	250,000	74,196	42%
Other income	53,445	36,175	-	16,783	---	92,000	75,217	448%
Total Operating Sources	\$ 4,285,580	\$ 4,434,162	\$ 4,244,721	\$ 4,531,047	107%	\$ 4,680,324	\$ 149,277	3%

RF Administration Budget to Actual

	FY15-16 Actual	FY16-17 Actual	FY17-18 Budget to Actual			FY18-19 Proposed Budget		
			FY17-18 Budget	FY17-18 Projected	% realized	FY18-19 Budget	\$ change from PY	% change from PY
General administration								
Wages and benefits	\$ 185,699	\$ 276,675	\$ 173,371	\$ 206,654	119%	\$ 245,397	\$ 38,743	19%
Contract services	18,739	15,110	3,750	6,449	172%	6,419	(30)	0%
Office operations	67,891	35,505	29,532	33,674	114%	37,341	3,667	11%
Professional development	12,671	12,803	5,945	12,311	207%	14,000	1,689	14%
Facilities	34,637	38,164	37,263	37,263	100%	34,958	(2,305)	-6%
Other	10,357	13,657	33,430	6,959	21%	4,813	(2,146)	-31%
Penalties	-	-	-	16,434	---	-	(16,434)	-100%
Total General Administration	329,994	391,914	283,291	319,745	113%	342,928	23,184	7%
Accounting and Payroll								
Wages and benefits	747,034	643,737	759,992	745,220	98%	766,986	21,766	3%
Contract services	4,158	1,161	330	8,276	2508%	494	(7,782)	-94%
Office operations	38,764	40,750	36,992	39,414	107%	42,111	2,697	7%
Professional development	5,177	2,541	9,000	4,508	50%	4,643	135	3%
Facilities	25,060	26,443	28,766	28,766	100%	34,195	5,429	19%
Other	-	-	-	184	---	189	5	3%
Total Accounting and Payroll	820,193	714,632	835,080	826,368	99%	848,618	22,250	3%
Human Resources								
Wages and benefits	300,165	296,233	317,115	380,651	120%	344,974	(35,677)	-9%
Contract services	11,883	19,773	17,520	28,283	161%	30,157	1,874	7%
Office operations	8,777	15,909	17,822	23,076	129%	23,836	760	3%
Professional development	2,458	5,474	7,110	7,391	104%	10,167	2,776	38%
Facilities	13,119	8,736	10,965	10,965	100%	13,034	2,069	19%
Other	-	677	700	-	0%	700	700	---
Total Human Resources	336,402	346,801	371,233	450,366	121%	422,868	(27,497)	-6%
Total Foundation Administration	\$ 1,486,589	\$ 1,453,348	\$ 1,489,603	\$ 1,596,478	107%	\$ 1,614,414	\$ 17,936	1%

RESP Budget to Actual

	FY15-16 Actual	FY16-17 Actual	FY17-18 Budget to Actual			FY18-19 Proposed Budget		
			FY17-18 Budget	FY17-18 Projected	% realized	FY18-19 Budget	\$ change from PY	% change from PY
Sponsored Programs								
Wages and benefits	\$ 1,095,006	\$ 1,016,389	\$ 1,158,145	\$ 1,296,349	112%	\$ 1,391,000	\$ 94,651	7%
Contract services	306	20,542	17,500	9,892	57%	27,000	17,108	173%
Office operations	161,079	47,452	46,500	31,618	68%	78,610	46,992	149%
Professional development	5,579	13,706	1,800	14,245	791%	24,400	10,155	71%
Facilities	79,892	74,652	81,768	73,722	90%	86,095	12,373	17%
Grant cost disallowance	-	-	5,000	501	10%	4,500	3,999	798%
Total Sponsored Programs	\$ 1,341,862	\$ 1,172,741	\$ 1,310,713	\$ 1,426,327	109%	\$ 1,611,605	\$ 185,278	13%

RF-RESP Shared Organizational Expenses Budget to Actual

	FY15-16 Actual	FY16-17 Actual	FY17-18 Budget to Actual			FY18-19 Proposed Budget		
			FY17-18 Budget	FY17-18 Projected	% realized	FY18-19 Budget	\$ change from PY	% change from PY
CSU, Chico payments								
Enterprise Budget	\$ 76,767	\$ 62,698	\$ 68,382	\$ 68,383	100%	\$ 68,382	\$ (1)	0%
Facility Fees	220,607	66,850	127,661	227,861	178%	190,740	(37,121)	-16%
Microsoft fees	5,456	3,674	11,570	10,516	91%	12,000	1,484	14%
Property Management	29,600	34,000	38,320	38,310	100%	40,000	1,690	4%
Risk Management	31,501	12,250	12,250	24,500	200%	24,500	-	0%
Total CSU, Chico payments	363,931	179,472	258,183	369,569	143%	335,622	(33,947)	-9%
Audit, tax, and other consulting								
Financial audit and tax	67,827	71,875	65,400	68,325	104%	68,850	\$ 525	1%
403(b) audit	14,000	16,500	16,000	17,000	106%	18,020	1,020	6%
CO Audit		35,594	20,000	19,938	100%	20,000	62	0%
Indirect cost proposal	15,000	10,000	-	-	---	2,500	2,500	---
Total Audit, tax, and other consulting	96,827	133,969	101,400	105,263	104%	109,370	4,107	4%
Information Technology								
Wages and benefits	122,310	108,884	127,108	134,061	105%	226,249	\$ 92,188	69%
Contract services								
AS IT services	121,800	98,566	106,000	105,999		24,000	(81,999)	
Cloud hosting		-	60,300	60,300		60,300	-	
IFAS/One Solution maintenance	195	65,092	42,840	30,280		57,032	26,752	
Software amortization	-	-	-	-		88,938	88,938	
IT consulting services	10,504	11,215		6,175		15,000	8,825	
Professional fees		-	-	240		247	7	
Total Contract services	132,499	174,874	209,140	202,994	97%	245,517	42,523	21%
Office operations	3,909	3,657	4,382	4,620	105%	4,714	94	2%
Professional development	-	231	340	320	94%	329	9	3%
Facilities	7,794	7,794	8,634	8,634	100%	8,319	(315)	-4%
Total Information Technology	266,512	295,440	349,604	350,629	100%	485,128	134,499	38%
Insurance	58,179	99,140	121,031	130,857	108%	130,000	(857)	-1%
Total Shared Organizational Expenses	\$ 785,449	\$ 708,021	\$ 830,218	\$ 956,319	115%	\$ 1,060,120	\$ 103,801	11%

Other Activities historically included in the RF General Fund

From an accounting perspective, board designated and agency funds have been incorporated in the RF General Fund balance reporting in the annual financial statements. The funds that have been included are:

	FY15-16 Actual	FY16-17 Actual	FY17-18 Projected	FY18-19 Budget
Faculty Incentive Reserve				
Beginning Fund Balance	\$ 1,079,146	\$ 1,078,690	\$ 1,047,664	\$ 997,779
Transfer from General Fund	349,544	318,974	450,115	104,913
F&A distribution	(350,000)	(350,000)	(500,000)	(198,758)
Total Faculty Incentive Reserve Balance	1,078,690	1,047,664	997,779	903,934
Employee benefits				
Beginning Fund Balance	146,187	581,494	407,409	467,166
Employee benefits	306,786	(176,982)	(22,443)	-
Fringe benefits reserve	-	-	127,531	-
GIC Vacation accrual	117,371	71,824	(45,331)	-
Projects Management	11,150	(68,926)	-	-
Total Employee benefits Balance	581,494	407,409	467,166	467,166
Property				
Beginning Fund Balance	7,080,247	6,803,632	6,254,084	5,051,345
25/35 Main Street	4,237	(69,795)	(115,720)	(69,723)
College Park	(21,874)	(60,123)	(1,470,227)	-
Other Property	(258,979)	(419,630)	383,208	-
Total Property Balance	6,803,632	6,254,084	5,051,345	4,981,622
Total Other	\$ 8,463,816	\$ 7,709,158	\$ 6,516,290	\$ 6,352,722

Faculty Incentive Reserve

Board policy guides that 80% of the first \$50,000 and 60% of the remaining operating activity net income shall be distributed as faculty incentive reserve funding. Rather than distribute funds per this formula, amounts were approved by the board annually. It appears that the approach of allocating set amounts resulted from confusion around the policy, but also with the interest of maintaining a stable amount of funding each year. The RF operating activity should result in a surplus of indirect cost recovery, but the budget fluctuates due to operational needs. Discussion has been on-going regarding how to spend the accumulated balance in this reserve. As of June 30, 2018, these funds will be transferred to the Board Designated Fund for financial reporting.

Employee benefits

Rather than belonging to the RF General Fund, the funds associated with employee benefits are earmarked funds and will be transferred to the Board Designated Fund as of June 30, 2018. The balances for employee benefits include fringe, vacation accrual, and a reserve for post-retirement health benefits.

A reserve for project expenses related to fringe benefits is included in the employee benefits balance. The fringe benefit methodology changed on July 1, 2017 to allow for the accrual of employees' vacation expenses. The Foundation had received a finding for non-compliance with accounting requirements to accrue these amounts owed to employees. To properly account for benefits, the Foundation implemented a benefits-inclusive fringe rate of 58.4% for fully benefitted employees. Due to the nature of grant and contract proposals and budgeting, not all projects were allowed sufficient time and notice to adjust budgets to include this change. As such, project shortfalls resulting from fringe budget challenges have been funded by the Foundation.

As projects close, the amount of fringe funding needed is finalized. Because many projects span several years, the Foundation anticipates resolving these fringe costs over the next several years. In December of 2017, the board allocated \$210,195 of excess funding for post-retirement health benefits to fund fringe differences.

Property

The properties owned by the Foundation have historically been reporting in both the RF General Fund and the Plant and Bond Fund. Moving forward, these funds will be transferred to the Plant and Bond Fund for clearer reporting and understanding of available General Fund balance.

25/35 Main Street

The Foundation purchased 25/35 Main in 2002; the purchase of the buildings was initially supported through allocations from Foundation accounts overseen by CSU, Chico, but over time, the Foundation has become self-sufficient in its financial management of the buildings. The purchase had been financed by bonds issued directly by the RF and in 2014, the bonds were refunded and the financing was assumed by the CSU Chancellor's Office. This refunding resulted in a significant cost savings in interest expense.

Financial self-sufficiency has included the Foundation paying the expenses of the buildings, but has only included recovering costs from occupants since FY15-16. Since that time, costs for the buildings have been calculated based on occupants' square footage. Cost allocations are based on the average of the preceding three fiscal years' operating expenses (less depreciation and interest) plus debt service.

The RF contracted with ISES, a consultant hired to evaluate facility conditions and deferred maintenance across the CSU system, to evaluate the conditions of 25/35 Main Street. Deferred maintenance for 25/35 Main Street was estimated to be \$7,500,000 between the 2 buildings over the next ten years. Because costs had not previously been allocated to the occupants of the buildings, the fund balance for 25/35 Main is insufficient to meet deferred maintenance demands.

The Foundation is working to increase its reserves for the buildings, increasing overall cost allocations by \$50,000 to fund a reserve. The cash position of the building accounts in May 2018 is approximately \$30,000.

25/35 Main Street Budget to Actual

	FY15-16 Actual	FY16-17 Actual	FY17-18 Budget to Actual			FY18-19 Proposed Budget		
			FY17-18 Budget	FY17-18 Projected	% realized	FY18-19 Budget	\$ change from PY	% change from PY
Income								
Rental income	28,482	28,482	29,000	28,482		14,241	(14,241)	
Cost allocations	463,654	405,876	450,018	450,018		503,571	53,553	
Other income	4	3,330	-	-			-	
Total Income	492,140	437,688	479,018	478,500	100%	517,812	39,312	8%
Wages and benefits	4,504	6,760	19,625	61,329	313%	47,619	(13,710)	-22%
Operating expenses								
Repairs and maintenance	83,375	124,284	142,961	93,834		125,000	31,166	
Utilities	71,740	77,022	77,488	87,672		77,000	(10,672)	
Insurance	9,963	9,715	10,000	8,260		8,260	-	
Administrative fees	14,082	10,492	8,400	15,755		6,155	(9,600)	
CO indirect costs	15,979	15,841	16,500	17,468		18,000	532	
Interest expense	94,992	92,129	111,650	111,650		107,250	(4,400)	
Other operating expenses	7,611	4,126	20,352	12,300		12,300	(0)	
Total Operating expenses	297,741	333,609	387,351	346,939	90%	353,965	7,026	2%
Net 25/35 Main Operating Activity	189,895	97,319	72,042	70,231	97%	116,228	45,997	65%
Depreciation	185,659	185,829	189,952	185,951		185,951	-	0%
Net 25/35 Main Street	\$ 4,237	\$ (88,510)	\$ (117,910)	\$ (115,720)	98%	\$ (69,723)	\$ 45,997	-40%

25/35 Main Cost per square foot calculation

2017-18					
	25 Main		35 Main		TOTAL
Square Footage		18,286		14,528	32,814
Operating Cost	\$	96,041	\$	121,499	\$ 217,540
2017-18 Interest		66,001		45,649	111,650
2017-18 Principal		56,158		38,842	95,000
2017-18 Cap Res Funding		29,557		20,443	50,000
Total Cost		247,757		226,433	474,190
Cost per sq ft	\$	13.55	\$	15.59	\$ 14.45
per month	\$	1.13	\$	1.30	\$ 1.20

2018-19					
	25 Main		35 Main		TOTAL
Square Footage		18,286		14,528	32,814
Operating Cost	\$	103,724	\$	167,553	\$ 271,278
2018-19 Interest		63,400		43,850	107,250
2018-19 Principal		59,114		40,886	100,000
2018-19 Cap Res Funding		29,557		20,443	50,000
Total Cost		255,795		272,732	528,528
Cost per sq ft	\$	13.99	\$	18.77	\$ 16.11
per month	\$	1.17	\$	1.56	\$ 1.34

25/35 Main Cost Allocation – Square footage occupancy

Room #	18/19 Assignable Sq. Ft.	Project	17/18 Share of Costs Based on Assignable Sq. Footage	18/19 Share of Costs Based on Assignable Sq. Footage
25 Main St. - 1st Floor				
104C	169	Research Foundation Administration Offices	2,290	2,364
104C	169	Research & Sponsored Programs	2,290	2,364
103(A-H), 104 (A-F)	4,542	Research & Sponsored Programs	61,543	63,540
102(A-G)	1,784	Community Legal Information Center (CLIC)	24,173	24,957
101(A-C)	1,547	Nutrition Program	20,961	21,642
101(D)	931	Passages	12,615	13,024
Total 1st Floor	9,142		123,872	127,891
25 Main St. - 2nd Floor				
201	2,790	Nutrition Program	37,804	39,030
201D	143	Nutrition Program	1,938	2,000
203,205	2,471	Research Foundation Administration Offices	33,481	34,568
206	1,079	Research Foundation Administration Offices	14,620	15,095
202(A-F)	1,364	Passages	18,482	19,081
204	1,296	Passages	17,560	18,130
Total 2nd Floor	9,143		123,885	127,905
TOTAL 25 Main	18,285		247,757	255,795
35 Main St. - Basement				
002	195	Research Foundation Administration Offices	3,045	3,668
003	517	Research & Sponsored Programs	8,050	9,696
004	426	Research Foundation Administration Offices	6,643	8,002
005	481	Research & Sponsored Programs	7,500	9,034
005A	451	Research Foundation Administration Offices	7,029	8,466
006	481	Research Foundation Administration Offices	7,500	9,034
Total Basement	2,552		39,768	47,900
35 Main St. - 1st Floor				
101-108A, 110, 112	2,409	KCHO	37,545	45,222
114, 116(A-H)	918	KCHO	14,307	17,233
132-135, 137	2,317	Geographic Information Center (GIC)	36,111	43,495
131	344	BCCER	5,361	6,458
Total 1st Floor	5,988		93,325	112,407
35 Main St. - 2nd Floor				
n/a	865	KCHO	13,481	16,238
200	153	Research Foundation Administration Offices	2,385	2,872
200	153	Research & Sponsored Programs	2,385	2,872
201(A-C), 203(A-C)	2,316	Center for Economic Development	36,096	43,476
205, 205(A-B)	790	Passages	12,312	14,830
202	554	RF IT	8,634	10,400
204(A-C)	1,158	Education for the Future (EFF)	18,048	21,738
Total 2nd Floor	5,989		93,340	112,426
TOTAL 35 Main	14,529		226,433	272,732
Grand Total	32,814		474,190	528,528

Ecological Reserves

The Ecological Reserves consist of the Big Chico Creek Ecological Reserve (BCCER), the Butte Creek Ecological Preserve (BCEP), and Eagle Lake Field Station (ELFS). The Foundation directly oversees the risk and financial management of the Ecological Reserves, as the RF is the legal owner of the properties. The Ecological Reserves Manager is an employee of the RF, but works closely with colleges, departments, and faculty to develop programmatic activity that supports Academic Affairs.

The properties were acquired by the Foundation with goals of funding on-going operations and maintenance through sustained or endowed funds. However, permanent funding was not developed, and currently the Foundation is working to revise the business model of the Ecological Reserves to provide endowed operations and maintenance. Existing funding of \$205,662 per year is provided by Academic Affairs, with 2019-2020 as the last year of the MOU. The Foundation must develop revenue sources outside of Academic Affairs in order to continue operations.

The budget is based on reasonable expectations of grant and gift funding during FY18-19. Should Foundation management not realize its funding goals by December 2018, the budget may be revised. Rather than minimize spending to bare bones levels, the Foundation plans to maintain its current operations which will support securing additional gifts and grants.

	FY18-19 Proposed Budget
Operating Budget Carried Forward	256,012
Sources	
Transfer from CSU, Chico	205,662
Hunt program	4,063
K-12 program	640
Fundraising and other income	53,077
Total Sources	263,442
Uses	
Wages and benefits	260,000
Operating expenses	52,109
Depreciation	8,147
Total Operating Expenses	320,256
Net Operating Activity	(56,814)
Total Operating Balance	\$ 199,198

Board Designated Fund Summary

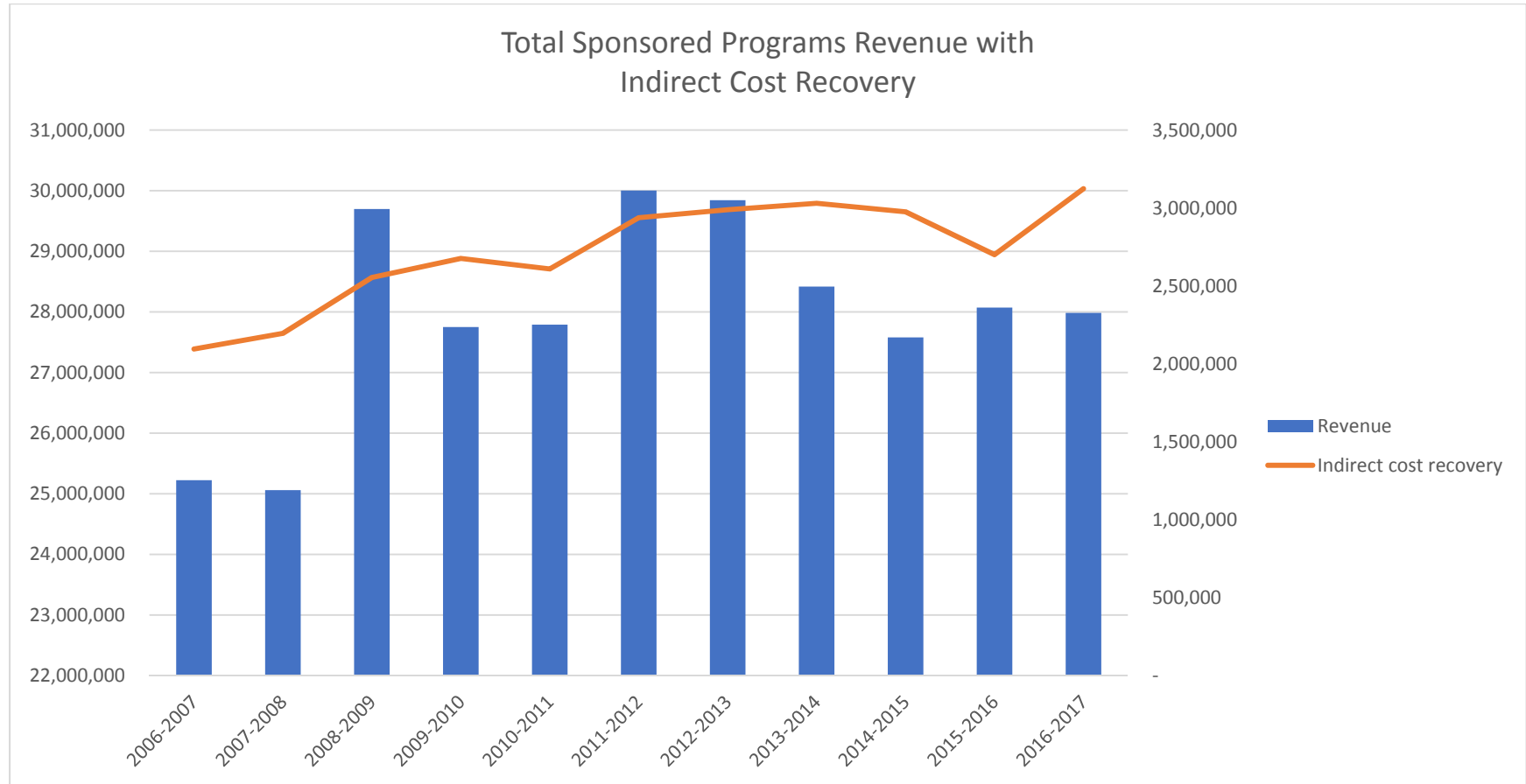
The Board Designated Fund holds discretionary funds and funds allocated by the board, including Summer Scholars allocations, RF Professional Development funds which result from the Board’s Surplus policy, and Incentive funds which result from the Board’s policy on F&A reserves.

The RESP Centers Residual Reserve account was created during discussions around changing the Surplus Policy. That account was closed in March 2018. The Surplus Policy was reaffirmed in 2018, and transactions that had been held since 2013 were completed. This involved recovering indirect costs from surplus, then splitting the remaining surplus. A significant increase to the Board Designated Fund occurred during FY17-18, as did a large increase the RF Professional Development account. Additional accounts will be closed in the Sponsored Programs Fund prior to June 30, 2018, contributing additional funds to the Board Designated Fund.

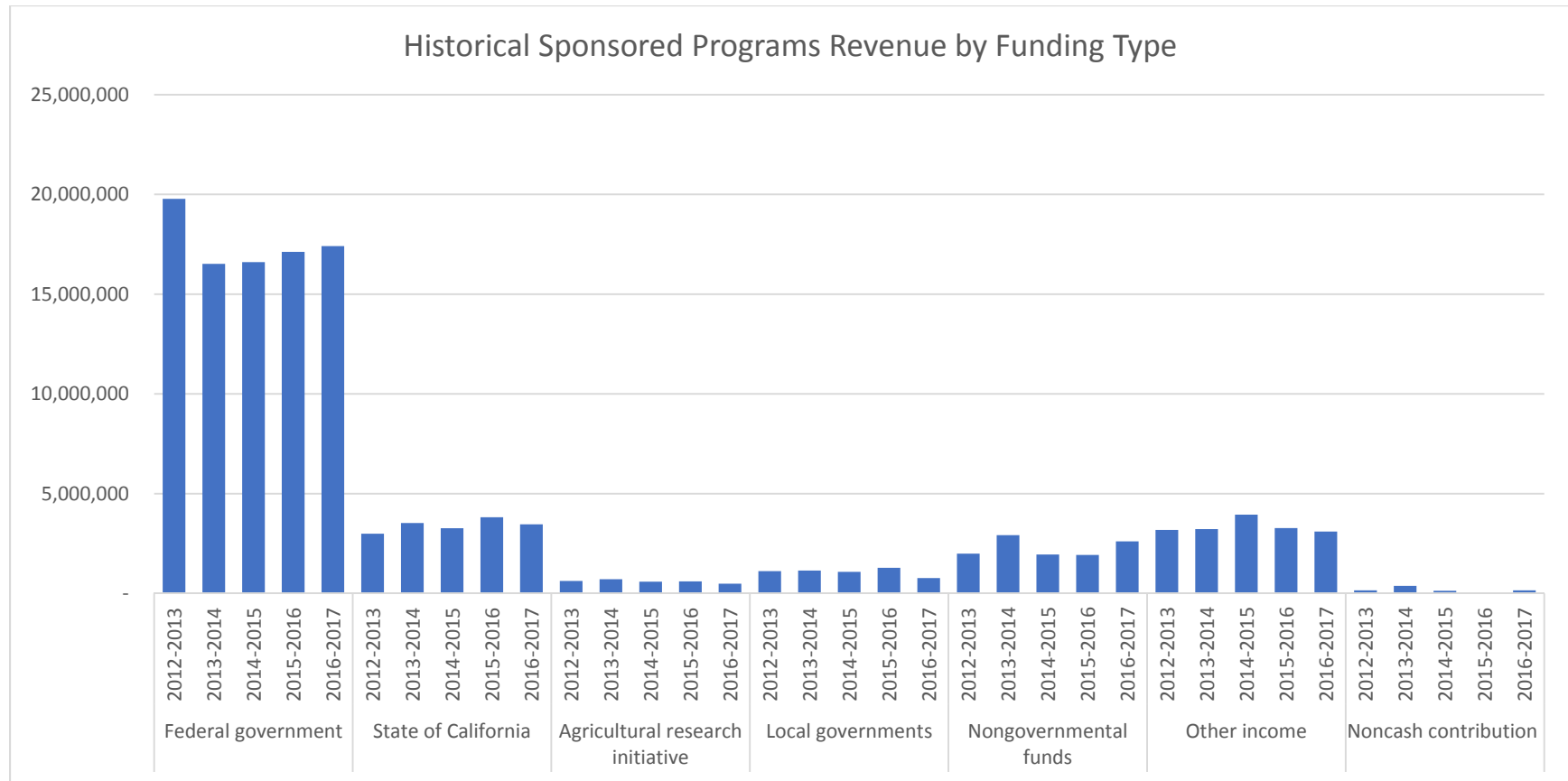
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	3/31/2018
RESP Incentive	\$ 94,268	\$ 85,697	\$ 76,273	\$ 74,909	\$ 73,818	\$ 72,725	\$ 72,171
RF Professional Development	83,049	72,151	78,846	73,929	128,282	79,928	980,260
RESP Centers Residual Reserve	-	-	265,713	279,752	313,260	320,965	-
Summer Scholars	29,498	24,558	33,640	32,925	42,101	63,948	39,067
Discretionary accounts	2,265,740	2,027,817	2,240,125	2,362,865	2,324,532	2,218,833	3,089,530
Total Board Designated	\$ 2,472,554	\$ 2,210,223	\$ 2,694,597	\$ 2,824,379	\$ 2,881,993	\$ 2,756,400	\$ 4,181,027

Sponsored Programs Fund Historical Financials

Sponsored Programs activities represent approximately 75% of the Foundation's overall financial activity. Revenue has ranged from \$25M to \$30M over the prior eleven years, with correlating indirect cost recovery.



Revenue sources over the last five years have included grants and contracts from the following funder types:



As the Foundation moves forward, the Associate Vice Provost for Research has goals to increase revenue and related indirect cost recovery.