

THE CSU, CHICO RESEARCH FOUNDATION

California State University, Chico
May 23, 2016 Board of Director's Meeting

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THE CSU, CHICO RESEARCH FOUNDATION

California State University, Chico
Board of Director's Agenda
Monday, May 23, 2016, 1:30pm – 3:30 pm
BMU – Room 209

1. Call to Order and Introductions – Interim Provost Michael Ward
2. Public Comments
3. Approval of Minutes – Interim Provost Ward
 - a. March 28, 2016 – **Action Item**
4. Provost's Report – Interim Provost Ward
 - a. Interim Provost transition
 - b. Board of Directors –Proposed by-law change
5. Business
 - a. Financial Report
 1. Budget – Thoma/Bourne – **Action Item**
 2. Chancellor's Office Audit update –Bourne/Thoma
 - b. Human Resources –Wittmeier
 - c. North State Public Radio – Cummins/Lamberson
 - d. Reserve update –
 1. BCCER/BCEP - Visinoni
 2. Eagle Lake Field Station - Thoma
 - e. Research & Sponsored Programs
 1. Research Update - Kelley
 2. Special set-ups - Miner
6. Other business
7. **Closed Session** - Pursuant to California Education Code Section 89923
8. Adjournment

Next Scheduled Board Meeting

September 26, 2016 1:30pm - 3:30pm Location: BMU– Room 209

The CSU, Chico Research Foundation

California State University, Chico

Minutes for the Board of Directors

Monday, March 28, 2016, 1:30 – 3:30 p.m.

BMU – Room 209

MEMBERS PRESENT:

President, Paul Zingg; Interim Provost, Susan Elrod; VP Student Affairs, Drew Calandrella; VP Business & Finance, Lorraine Hoffman; VP University Advancement, Ahmad Boura; Faculty Member, Erik Bartelink; Faculty Member, Russell Shapiro; Community Member, Dan Hunt; Community Member, Mike Wiltermood; Student Representative, Crystal Vasquez

ALSO PRESENT: Research Foundation staff Catherine Thoma, Jessica Bourne, Tyler Donnelley, Michele Flowerdew, Kevin Kelley, Russell Wittmeier, and Kathy Kinsey

1. Call to Order – At 1:35 p.m. by Elrod. Elrod announced this was her last meeting as the President of the Board of Directors as she has accepted a position at the University of Wisconsin, Whitewater as the Provost and Executive Vice-Chancellor effective April 15, 2015.
2. Public Comments – No public comments.
3. Approval of the Minutes – Elrod asked for a motion to approve minutes from the December 14, 2015 board meeting.
Move to approve the December 14, 2015 meeting minutes (Shapiro/Calandrella)
Motion carried (10-0-0)
4. President's Report
Zingg: Gayle Hutchinson was announced as the new president of Chico State. She is returning to the campus from her provost position at Cal State Channel Islands. Hutchinson was previously involved at Chico State for 20 years in various positions including the dean of the College of Behavioral and Social Sciences.

There is about a \$100 million gap in the CSU budget– including the 5 percent general salary increase and the 2.65 percent step for about 40 percent of faculty - between what trustees have requested and what the governor is prepared to commit following the release of the governor's preliminary budget. Trustees, presidents, faculty, students, and alumni convinced the legislature and the governor to provide the CSU with its full funding request, and can hopefully positively influence this year's budget as well. The CSU is likely heading toward a system-wide strike mid-April, although there are still ways to reconcile the gap.

The Physical Science building is now number one on the priority list identified by the CSU for major capital projects. Chico State has a reputation for bringing major projects in on time or on budget. The school also has the will and flexibility to devote some of its reserve funds coming out of all divisions to front load some of the costs to expedite the project. In addition to the Academic Affairs funds, about \$2.5 million was identified for the reserves in both Business and Finance and in Student Affairs.

5. Provost's Report

Elrod: Mike Ward has been named the new interim provost. He has previously held multiple administrative positions on the Chico State campus. He will start Monday, April 4.

6. Business

a. Financial Report

1. Financials

Bourne presented the first interim comprehensive Schedule of Net Position and Schedule of Revenues, Expenses, and Changes in Net Position.

Hoffman pointed out the "Outstanding Professor's Awards" line item. She is unsure why this funding is coming from the RF board, and it has not been an adequate funding amount so the President's office has been back filling. Hoffman would like to work with Ward to identify the funds in the Provost's account to pay for these academic faculty awards. Elrod said there are funds available and she is confident they will be able to identify an appropriate source of funding within the Office of the Provost.

The cash and investments to the RF are over \$15 million. Some investments are in the common fund, and some are quasi-endowments. \$742,000 stood out in net accounts and other receivables in the general fund. This mostly represents transactions between the RF and UF as the RF provides payroll for the UF and they pay the RF back. The UF holds all philanthropic dollars, so departments and groups transfer money into the RF to cover operating expenses and resulting in significant intercompany activity.

There is \$23 million in the unbilled grants and contracts line for the Research and Sponsored Programs balance sheet, with an offsetting liability in unearned grants and contracts. These accounts summarize RESP grants and contracts that are open and active. (At year-end those amounts are shown net, so the annual audited financial statements show a smaller number.)

Bourne described some of the accounting challenges that contribute to the extraordinary difficulties in financial reporting. RESP's revenue is only booked in the financial system at year-end in lump-sum; revenue is not recorded upon billing. The expenses within the RF database are intentionally double booked by approximately \$27-30 million each year to record the one-time lump-sum revenue figure. Additionally, revenues and expenses do not close to net assets each year in the Sponsored Programs Fund. To run standard financial reports, a large number of transactions must be avoided. The avoided transaction includes the detail of all expenses in the Sponsored Programs Fund, and the carry-forward of many years' non-closed income statement accounts.

There are two large liabilities in the general fund that will be adjusted this fiscal year: grant loss allowance of \$445,000, which has historically been overstated and over-accrued expenses that relate to RF's post-retirement health benefit reserve. While those liabilities have been overstated, the RF has over \$300,000 in unfunded vacation benefits. Employees paid from RESP project ranges do not accrued vacation benefits. They have to plan sick, vacation, or anytime off around what grant they're able to charge at that time. The foundation should be prepared for the federal

government to make it required that we fund that vacation as they have tried with their last change with the OMB Omni circular that came out Dec. 2014.

2. Software update

Thoma said she will have a contract by Friday. Software that tracks time and attendance is also needed, so they're entering an agreement with ExecuTime and SunGard that will come as one contract. The time and attendance portion will be sped up as paper timesheets are still being used.

3. Request For Proposal – Auditor – Audit Committee

Shapiro explained that an RFP went out for a new audit service to take over from K-Coe Isom. Of six firms, only AKT responded with a three-year audit and tax proposal that seemed feasible. The separate audits were broken up in the RFP, and NSPR's was still quite high even after Thoma asked if the cost could be reduced. Calandrella suggested that while they can't do a whole new RFP, there is still potential for AKT to do a subcontract with a local firm at a much lower cost for just NSPR. However, if NSPR can't cover the costs, the foundation does. Hoffman suggested Steven Cummins and Beth Lamberson be invited to the next board meeting, and Thoma agreed it would be good timing as that will be a budget meeting. Hoffman made a motion to accept the recommendation from the audit committee with an addendum to the recommendation that allowed the director of the RF to negotiate on behalf of NSPR with AKT for a lower rate.

Move to accept the recommendation from the audit committee (Hoffman/Shapiro)

Motion carried (10-0-0)

4. Chancellor's Office Audit update

The audit is still in draft form, the final draft is expected soon with minor changes. . Once the final version is received, there is six months to correct and implement. There were 15 RF findings – two belonging to the farm and two for NSPR with only one repeated from the previous audit. The findings were already known, and most of it has to do with internal controls. There is a plan in place to systematically to correct and satisfy the findings. Staff has already made some headway in satisfying the findings

b. Human Resources

Wittmeier gave out a written report on the third quarter highlights and items in progress.

c. Reserve update

1. BCCER

Thoma explained that Visinoni has done a job of reporting usage, which is something that wasn't done accurately in the past. The number of research activities, university classes, and local community use is up. Elrod said it would be nice if grants and contract specifically use at the reserve could be tracked as well as a money amount in addition to the number of faculty and students working on the projects. In the end, it's about grants and contracts and fostering that level of research productivity and engagement with faculty and students and how the Reserves is helping to do that.

Hoffman thanked Mike Wiltermood for their willingness to identify three Landing Zones (LZ's) for FlightCare in the event transport is required. Visinoni worked with FlightCare to identify three LZ's and both Enloe and the BCCER share a common map for ease of identifying coordinates. Thoma

explained that Butte County's Sheriff's Office helicopter flies over regularly with their team in the event they need to land on the property.

The water tanks on the reserve are full after two storms.

In regard to turkey hunting season, Thoma explained that Visinoni is checking with the deans and chairs of departments to see if there was any pushback about not being allowed on the reserve during hunt days. Visinoni has not heard back. She recently sent out hunt dates for the fall and asked if they impede with plans.

The bats are still sleeping at the Henning House.

2. Eagle Lake Field Station:

Thoma reached out to Modern Building to secure a cost estimate to bring the field station to code. She's still waiting on the estimate, but it's probably going to cost at least \$1,000 just for them to go up, look, and do a report. No more money is going to be spent on Eagle Lake until they know what it's going to take.

Elrod suggested the board make a timeline for Dave Hassenzahl, the Dean of the College of Natural Science, and other deans to develop a plan. It may be a more detailed conversation for a future meeting with a presentation of what's happening with the facility, what the conditions are, the research opportunities, programming, existing debt, and a preliminary plan. Hassenzahl said there have been conversations with faculty at Chico State, the University of Utah and UCDavis, and a few other places about using the property and putting together a budget. Programs can be run up there, but there aren't really any sources for doing major renovations, and it would be too much to charge students. Hoffman expressed concern for the risk and liability given the progression of disrepair. She explained it may be a possibility to transfer the property back to BLM so a certain number of days could be retained for students and a faculty to conduct research, but the funding for repair would not be a problem.

Elrod said it would be good to track the grants and contract affiliated with Eagle Lake as well as a report on the bat monitoring as bats are one of the problems up there. She suggested that one or more of the buildings be turned over to the bats.

Elrod said that whatever plan is developed, it should be widely shopped around campus so everyone is aware of what is happening and the financial commitment, especially if state funds end up being contributed.

d. Research and Sponsored Programs

1. Research update

Kelley reported that the Chancellor's Office selected the new Assistant Vice Chancellor of Research, Dr. Ganesh Raman. Dr. Raman comes from the Illinois Institute of Technology, a research intensive institution, where he significantly grew research. This hire reflects an increasing CSU commitment to support research, scholarly and creative activities (RSCA) across the university system.

RESP developed a new webpage for internal grant competitions, called the CSU Chico Internal Grants Portal. The CSU System RSCA funding program is using this portal for the first time this year, to allocate the state-funded faculty research/RSCA awards.

RESP activities to the 3rd quarter were highlighted. Current computer systems in RESP have limited reporting functions. RESP is looking into replacement of its existing pre-award programming, called Pronto, which was developed gratis by Business professor Jim Sager. Given the programming is aging and Sager is retiring this year. Therefore, a commercially available option is needed that will be more sustainable for RESP; systems such as 'Kuali' and 'Cayuse' are used at other CSUs and universities. These systems have greatly improved reporting capabilities.

Last year, there were 348 proposals during the FY. This year, by the 3rd quarter, there are 280, close to last year in the third quarter. The average F&A rate proposed has gone up this year, from 15.9% to 17.2%. The three colleges with the largest number of proposals are the College of Natural Sciences (NSC), College of Communication and Education (CME), and College of Behavioral and Social Sciences (BSS). By 3rd quarter, National Science Foundation proposals with full F&A are increased over the former year. Last year, there were 11 at the end of the year proposing \$2.25 million at 42% (10 from NSC and one from HFA). This year at the third quarter, 10 proposals have already requested \$3.8 million at full F&A, with additional proposals currently in development. The National Institutes of Health (NIH) is a funding opportunity that Chico State has not fully taken advantage. NIH offers well-funded programs for many disciplines covering most of our colleges, but for some of these we must gain eligibility based upon serving underserved students –this is a goal for next FY. By the 3rd quarter, requested amounts from USDA are increased by greater than 2-fold over last year at an average F&A of 28%. Many of these proposals were generated by new faculty.

A healthy portfolio of proposals (and awards) is important in balancing F&A return (revenue) needs and providing institutional support for many programs that restrict or reduce the institution's federally approved F&A rate. Federal agencies supporting sciences and engineering typically use a university's approved F&A rate, while private and non-profits may not; yet, RESP (the campus) support RSCA from all colleges and disciplines at the university.

The California Department of Social Services has finally taken away its 0% F&A restriction, to at least provide 10% to their projects. There have also been negotiations between the UC, CSU, and the California Department of General Services to streamline the state grants and contracts process. The two university systems have agreed to 25% F&A for all state projects; this F&A rate will grow over the next three years to a 40 percent cap.

Kelley discussed a RESP budget overview using two graphics, which were based on numbers in the RF financials. In the first graphic, total revenue from RESP was \$3,112,000, representing about 75-80% of the total revenue to the RF. This amount includes a projected net F&A income of \$2,750,000 and additional services income, administrative fees, and other sources of income; the state also provides \$66,965 for the RESP lease at 25 Main Street. Hoffman noted that there should be an additional \$60,000 which was not shown in the graphic. She reiterated that the \$66,965 is the state contribution for RESP office lease costs, which has both state- and non-state funded staff, in acknowledgement of the work that RESP does for the campus. The \$60,000 is to support programs housed in the 25/35 Main Street building. In future budgets, this latter amount would be added to the RESP budget revenue. RESP's budgeted 'total expenditures' amount to \$2,644,229, leaving a balance of \$105,000 plus services income of \$363,000. This leaves a

balance of \$468,000, from which \$400,000 goes to campus capacity and incentive programs. Therefore the final balance is \$68,000 remaining from the revenue.

In the second graphic, a pie chart was used to illustrate the proportions of expenses paid by RESP. Salaries and wages – payroll – is 45% of RESP expenditures. The other large portions include RF Administration office costs and campus facilities fees, which together amount to 50% of the budget. Hoffman said that campus facilities fees are transferred into an RF 'ARD fund' for campus use. This year because the SAP F&A went from 30% to 44% percent, campus facilities fees went from \$240,000 last year to \$367,678. It was added that campus administration along with the deans and UBC have seen this money, and it is available to campus.

Kelley stated that it is important to understand the RESP budget situation and what is needed to operate the unit. The unit is constrained and there's not enough money in the budget to address critical personnel issues and needs such as research compliance. Given limited time remaining at the meeting, Elrod asked that we discuss this at a later time. She said Kelley raised important points and discussion issues, and now those conversations need to be had.

2. Facilities & Administration (F&A) rate proposal - Kelley reported that the proposed F&A rate submitted to the feds was 42.47% (on-campus rate), based upon campus data and evaluations carried out by the Maximus consultants. The off campus rate proposed was 19.38%. We're currently at 42% on-campus and 22% off-campus.

7. Other Business

There was no other business to address.

8. Closed Session – Elrod stated they would now be moving to the posted closed session and that only board members would remain.

Report on closed session – The result of the executive session was to discuss pending litigation and personnel matters per the California Education Code Section 89923.

9. Adjournment – The meeting adjourned at 3:30 p.m.

Respectfully submitted,

Catherine Thoma, Secretary

RESEARCH FOUNDATION ADMINISTRATION

FY2015-2016 Summary

Fiscal year 2015-2016 was an extremely eventful, exciting year for the Research Foundation Administration office. The office welcomed many new staff, in both Human Resources and Accounting, and to better meet the IT needs of the Foundation, additional IT student staff joined the team.

The year began with the board approved assumption of accounting services in-house, effective July 1, 2015. The board approved the transition in December of 2014, and RF Admin staff worked diligently from January to June in order to meet the July 1, 2015 deadline.

To accomplish this task, an additional 12 staff members were hired in the accounting department. Additional student staff members were also hired to direct and welcome the additional foot traffic at the front desk of 25 Main Street. Most expenses necessary to build new capacity in the accounting department occurred toward the end of the 2015 fiscal year, but July and August saw continued efforts to settle staff and operations.

The accounting transition was approved with an estimated annual savings of \$201,166. During this first year of assuming services, RF Admin was able to realize 80% of the projected savings, despite significant challenges encountered during the assumption.

| Phase 1B Proposed to Actual | Proposal | Jul 15 - Jun 16 | Variance |
|------------------------------------|-------------------|------------------------|--------------------|
| Additional staff costs | \$ 390,062 | \$ 415,352 | \$ (25,290) |
| Salary adjustments | 25,000 | 22,188 | 2,812 |
| Additional facilities costs | 10,097 | 16,130 | (6,033) |
| Additional operating expenses | 9,150 | 2,987 | 6,163 |
| One-time transition costs: | | | |
| Additional staff time for audit | - | 7,071 | (7,071) |
| IT consulting services | - | 10,504 | (10,504) |
| Additional audit fees | - | 15,800 | (15,800) |
| Security cameras | - | 2,792 | (2,792) |
| Phase 1B Costs | \$ 434,309 | \$ 492,824 | \$ (58,515) |

While costs exceeded the proposal by \$58,515, \$36,167 were one-time costs related to the transition and will not be on-going expenses.

| | Proposal | Jul 15 - Jun 16 |
|--------------------------------------|---------------------|---------------------|
| Accounting operations | \$ 434,309 | \$ 456,657 |
| One-time transition costs | - | 36,167 |
| Total RF Admin costs | 434,309 | 492,824 |
| AS Costs, including 3% historical ir | 635,475 | 654,539 |
| Cost savings | \$ (201,166) | \$ (161,715) |

RF Admin realized a savings of \$161,715 during fiscal year 2015-16.

The largest “customers” of RF are the University Foundation and Research and Sponsored Programs. RF Admin was able to allocate less than budgeted charges for FY15-16 services.

The Foundation Administration Office is projected to end FY16 with an Increase to Net Position, due mostly to greater than expected investment income. This investment income helped to offset the one-time costs incurred as a result of the accounting transition.

The expenses of RF Admin are intended to be recovered through cost allocations to various cost centers and customers. As noted, the largest are the University Foundation and RESP, but costs are also directly allocated to the Farm and are recovered from other cost centers through an 8% administration fee charged monthly. Through the budgeting process, it is clear to RF Admin management that the recovery methodologies need to be reviewed to enhance consistency in the application of fees.

FY2016-2017 Projections

Costs are expected to increase by approximately \$80,000 next fiscal year. While FY15-16 included some one-time costs that will not be repeated in FY16-17, additional costs have been budgeted including: 3% increase for staff, and a \$45,000 staffing contingency due to turnover in the Financial Director position. Human Resources expenses are projected to be \$32,900 greater than FY15-16, largely due to vacant positions during this past fiscal year.

The contract for the software upgrade is currently under negotiation. The budget estimates a “go-live” date of 4/1/17, and includes a partial year of amortization for the full cost of the upgrade.

PROPERTY & PROJECTS

FY2015-2016 Summary

25/35 Main has often been a topic of discussion amongst RF Management and at Board Meetings. To simplify the discussions of costs, costs have been allocated to their areas of responsibility. Historically, the uncollected allocations for the occupants of 25/35 Main Street have been shown to be a large negative in the Property Cost Center. However, the occupants of the buildings may be covering some portion of their cost allocations through their Indirect Cost Recovery, allocated to the Office of RESP. As such, the allocated costs for the Centers that operate under RESP have been included in the RESP budget. RF Admin and NSPR are also allocated their shares of the building expenses. This approach better shows where costs are incurred and may help future discussions regarding any cost allocations.

Fiscal year 2015-2016 Cost allocations:

| | 15/16 Share of Costs | RF | RESP | NSPR |
|--|---------------------------------|---------------|----------------|---------------|
| Center for Economic Development | 32,582 | | 32,582 | |
| Community Legal Information Center (CLIC) | 24,124 | | | |
| Education for the Future (EFF) | 16,291 | | 16,291 | |
| Geographic Information Center (GIC) | 32,596 | | 32,596 | |
| KCHO | 58,974 | | | 58,974 |
| Nutrition Program | 60,580 | | 60,580 | |
| Passages | 59,672 | | 59,672 | |
| Research & Sponsored Programs | 79,892 | | 79,892 | |
| Research Foundation Administration Offices | 82,068 | 82,068 | | |
| Unoccupied | 4,839 | | | |
| TOTAL | 451,617 | 82,068 | 281,612 | 58,974 |

Fiscal year 2016-2017 Cost allocations:

| | 16/17 Share of Costs | RF | RESP | NSPR |
|--|---------------------------------|---------------|----------------|---------------|
| Center for Economic Development | 32,148 | | 32,148 | |
| Community Legal Information Center (CLIC) | 22,221 | | | |
| Education for the Future (EFF) | 16,074 | | 16,074 | |
| Geographic Information Center (GIC) | 32,162 | | 32,162 | |
| KCHO | 58,189 | | | 58,189 |
| Nutrition Program | 55,801 | | 55,801 | |
| Passages | 55,694 | | 55,694 | |
| Research & Sponsored Programs | 74,652 | | 74,652 | |
| Research Foundation Administration Offices | 77,706 | 77,706 | | |
| Unoccupied | 4,775 | | | |
| TOTAL | 429,423 | 77,706 | 266,532 | 58,189 |

25/35 Main cost allocations are calculated using a historical three-year average of operations and maintenance, plus debt service. Costs are allocated as a proration of occupied space.

The bond refunding completed in August 2014 resulted in significantly decreased interest expense. Interest expenses are scheduled to be lower by \$56,800 in fiscal year 2016-17.

CUSTODIAL – Retirement and Vacation accruals

FY2015-2016 Summary

As a benefit to its employees, the Foundation offers post-retirement health benefits. Qualifying employees pay a portion of their premiums following retirement, with the Research Foundation also contributing a portion. An actuarial valuation was completed as of July 1, 2014, to determine the

amount that the RF needs to reserve to meet the future obligations of this benefit. The valuation determined the following obligations:

| | 2014/15 | 2015/16 | 2016/17 |
|---|-------------------|-------------------|-------------------|
| Actuarial Accrued Liability (AAL) | \$694,605 | \$694,081 | \$687,102 |
| Actuarial Value of Assets at beginning of year | \$0 | \$0 | \$0 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$694,605 | \$694,081 | \$687,102 |
| | | | |
| Normal Cost | \$27,086 | \$28,169 | \$29,296 |
| Amortization of UAAL | <u>\$32,096</u> | <u>\$33,489</u> | <u>\$34,690</u> |
| Annual Required Contribution (ARC) | \$59,182 | \$61,658 | \$63,986 |
| | | | |
| Annual Required Contribution (ARC) | \$59,182 | \$61,658 | \$63,986 |
| Interest on net OPEB Obligation | \$19,914 | \$19,976 | \$19,824 |
| Adjustment to ARC | <u>(\$26,290)</u> | <u>(\$27,538)</u> | <u>(\$28,596)</u> |
| Annual OPEB Cost | \$52,805 | \$54,096 | \$55,214 |
| Employer contributions | <u>(\$51,036)</u> | <u>(\$58,427)</u> | <u>(\$48,881)</u> |
| Increase in net OPEB Obligation | \$1,769 | (\$4,331) | \$6,333 |
| | | | |
| Net OPEB Obligation - Beginning of Year | \$568,960 | \$570,729 | \$566,399 |
| Net OPEB Obligation - End of Year | \$570,729 | \$566,399 | \$572,731 |
| | | | |
| Age adjusted retiree cost (including subsidy) | \$51,036 | \$58,427 | \$48,881 |
| Estimated pay-as-you-go retiree cost | \$24,493 | \$24,999 | \$23,722 |

The Foundation had reserved \$694,605 for this liability that, per the actuarial valuation, is \$566,399. Adjusting this reserve down resulted in an Increase to Net Position by \$128,206.

OTHER BOARD ALLOCATIONS

The board has historically allocated funds for the President's Discretionary Fund, for RF Scholars Awards, and for Outstanding Professor/Staff awards. Beginning in 2016-17, the RF has not included Outstanding Professor/Staff awards, as it was determined that the use of other non-RF funding for those awards is more appropriate.

A Reserve for Vacation Accrual has been included for 2015-16. Vacation benefits for a large number of the employees of the RF have not been accrued, and are paid to employees on an as-taken basis. This presents challenges for grant funded employees who must strategize their paid time off around the funding of their grants. Administrative guidance for these accruals under grants and contracts was nearly changed with the issuance of the Omni-circular in December of 2014, and would have required the RF accrue for all vacation benefits. \$300,000 has been set aside as board designated to reserve for the future accrual of currently unfunded vacation benefits.

The CSU, Chico Research Foundation
General (Operating) Fund Balance Summary

| | Audited 2013-14 | Audited 2014-15 | Estimated 2015-16 | Proposed 2016-17 |
|--|----------------------|----------------------|----------------------|---------------------|
| General (Operating) Net Position at July 1 | \$ 1,445,394 | \$ 2,771,763 | \$ 3,140,435 | \$ 3,263,484 |
| Increase (Decrease) in Net Position by Cost Center | | | | |
| Foundation Administration | (85,691) | (245,153) | 22,983 | (12,229) |
| Research & Sponsored Programs | 1,361,863 | 1,127,060 | 496,823 | 572,800 |
| Incentive & Capacity Awards | (419,392) | (500,000) | (350,000) | (350,000) |
| Grant Cost disallowance adjustment | - | - | 200,000 | - |
| Custodial - Retirement & Vacation accruals | 195,586 | 146,187 | 170,657 | - |
| Property & Projects | 325,254 | (108,172) | (66,164) | 319,387 |
| Other Board Allocations | | | | |
| President's Discretionary Fund | (20,000) | (20,000) | (20,000) | (20,000) |
| Research Foundation Scholars Awards | (25,000) | (25,000) | (25,000) | (25,000) |
| Outstanding Professor/Staff Awards | (6,250) | (6,250) | (6,250) | - |
| Reserve for Vacation Accrual | - | - | (300,000) | - |
| Increase (Decrease) in Net Position | 1,326,369 | 368,672 | 123,049 | 484,958 |
| General (Operating) Net Position at June 30 | \$ 2,771,763 | \$ 3,140,435 | \$ 3,263,484 | \$ 3,748,442 |
| Plant & Bond Net Position at July 1 | \$ 9,066,517 | \$ 8,706,451 | \$ 7,102,204 | \$ 6,539,458 |
| Increase (Decrease) in Net Position | (360,066) | (1,604,247) | (562,746) | (619,020) |
| Property Management Net Position at June 30 | \$ 8,706,451 | \$ 7,102,204 | \$ 6,539,458 | \$ 5,920,438 |
| NET POSITION SUMMARY | | | | |
| Net Position - Beginning of Year | \$ 10,511,911 | \$ 11,478,214 | \$ 10,242,639 | \$ 9,802,942 |
| Increase (Decrease) in Net Position | 966,303 | (1,235,575) | (439,697) | (134,062) |
| Net Position - End of Year | \$ 11,478,214 | \$ 10,242,639 | \$ 9,802,942 | \$ 9,668,880 |

The CSU, Chico Research Foundation
 Research Foundation Administration
 FY15-16 Budget to Actual, FY16-17 Proposed Budget
 March 31, 2016

| | Approved FY15-16 Budget | Actual through 3/31/15 | Apr-Jun estimate | Projected FY15-16 | FY15-16 Budget to Projection Variance | % Variance | FY16-17 Proposed Budget |
|--------------------------------------|-------------------------------|------------------------------|---------------------|----------------------|---|------------|-------------------------------|
| REVENUE & TRANSFERS IN | | | | | | | |
| Expense recovery | | | | | | | |
| University Foundation | \$ 596,363 | \$ 397,576 | \$ 146,133 | \$ 543,709 | \$ (52,654) | 91% | \$ 569,788 |
| Office of RESP | 956,877 | 717,658 | 229,082 | 946,740 | (10,137) | 99% | 956,877 |
| Campus programs | 205,000 | 164,606 | 54,869 | 219,475 | 14,475 | 107% | 220,000 |
| Pooled investments | 14,000 | 8,761 | 8,761 | 17,521 | 3,521 | 125% | 17,500 |
| Property and projects | 23,828 | 8,923 | 2,974 | 11,898 | (11,930) | 50% | 12,000 |
| Farm activity | 55,298 | 55,298 | - | 55,298 | - | 100% | 73,473 |
| Other income | - | 7,574 | - | 7,574 | 7,574 | --- | - |
| Investment income | 83,007 | 134,103 | 44,701 | 178,805 | 95,798 | 215% | 178,810 |
| Total Revenue & Transfers In | 1,934,373 | 1,494,499 | 486,520 | 1,981,019 | 46,646 | 102% | 2,028,448 |
| EXPENSES & TRANSFERS OUT | | | | | | | |
| General administration | | | | | | | |
| General administration payroll | 218,872 | 151,069 | 60,814 | 211,883 | 6,989 | 97% | 216,538 |
| Insurance | 125,745 | 115,646 | - | 115,646 | 10,099 | 92% | 117,960 |
| Operating expenses | 17,608 | 19,176 | 3,729 | 22,905 | (5,298) | 130% | 20,149 |
| Total General administration | 362,225 | 285,891 | 64,543 | 350,435 | 11,790 | 97% | 354,647 |
| Accounting | | | | | | | |
| Accounting payroll | 737,521 | 537,117 | 203,155 | 740,271 | (2,750) | 100% | 791,371 |
| Financial audit & tax prep | 60,400 | 51,437 | 15,750 | 67,187 | (6,787) | 111% | 48,800 |
| CO Audit | 20,000 | 19,753 | - | 19,753 | 247 | 99% | 20,000 |
| Software upgrade | - | - | - | - | - | --- | 32,000 |
| AS IT services | 130,000 | 81,200 | 50,800 | 132,000 | (2,000) | 102% | 99,000 |
| IT consulting services | 14,060 | 10,504 | 3,501 | 14,005 | 55 | 100% | 5,000 |
| Property/Equipment Tracking Services | 29,600 | 29,600 | - | 29,600 | - | 100% | 34,000 |
| 25/35 Main space costs | 28,704 | 28,704 | - | 28,704 | - | 100% | 26,443 |
| Staffing contingency | - | - | - | - | - | --- | 45,000 |
| Operating expenses | 59,332 | 77,859 | 15,022 | 92,881 | (33,549) | 157% | 80,048 |
| Total Accounting | 1,079,617 | 836,174 | 288,228 | 1,124,401 | (44,784) | 104% | 1,181,662 |

| | Approved FY15-16 Budget | Actual through 3/31/15 | Apr-Jun estimate | Projected FY15-16 | FY15-16 Budget to Projection Variance | % Variance | FY16-17 Proposed Budget |
|-------------------------------------|-------------------------------|------------------------------|---------------------|----------------------|---|------------|-------------------------------|
| Human resources | | | | | | | |
| General Human resources payroll | 287,890 | 182,904 | 76,245 | 259,149 | 28,741 | 90% | 301,060 |
| Post-retirement actuarial valuation | - | 8,200 | - | 8,200 | (8,200) | --- | - |
| Flex benefits administration | - | 1,810 | 603 | 2,413 | (2,413) | --- | 2,530 |
| 403(b) TPA services | - | 250 | 8,000 | 8,250 | (8,250) | --- | 7,500 |
| 403(b) Audit | 17,000 | - | 17,300 | 17,300 | (300) | 102% | 17,300 |
| 25/35 Main space costs | 9,475 | 9,475 | - | 9,475 | - | 100% | 8,736 |
| Operating expenses | 23,160 | 28,773 | 6,527 | 35,300 | (12,140) | 152% | 35,794 |
| Total Human resources | 337,525 | 231,412 | 108,676 | 340,087 | (2,562) | 101% | 372,920 |
| IT | | | | | | | |
| IT payroll | 106,096 | 90,805 | 29,983 | 120,788 | (14,692) | 114% | 112,061 |
| 25/35 Main space costs | 7,794 | 7,794 | - | 7,794 | - | 100% | 7,794 |
| Operating expenses | 63,535 | 12,401 | 2,130 | 14,531 | 49,004 | 23% | 11,594 |
| Total IT | 177,425 | 110,999 | 32,113 | 143,113 | 34,312 | 81% | 131,448 |
| Total Expenses & Transfers Out | 1,956,792 | 1,464,476 | 493,560 | 1,958,036 | (1,244) | 100% | 2,040,677 |
| Increase (Decrease) in Net Position | \$ (22,419) | \$ 30,023 | \$ (7,040) | \$ 22,983 | \$ 47,890 | -103% | \$ (12,229) |

The CSU, Chico Research Foundation
Office of Research and Sponsored Programs
FY15-16 Budget to Actual, FY16-17 Proposed Budget
March 31, 2016

| | Approved FY15-16 Budget | Actual through 3/31/15 | Apr-Jun estimate | Projected FY15-16 | FY15-16 Budget to Projection Variance | % Variance | FY16-17 Proposed Budget |
|--|-------------------------------|---------------------------|---------------------|----------------------|---|------------|-------------------------------|
| REVENUE & TRANSFERS IN | | | | | | | |
| Indirect Cost Recovery | \$ 2,750,000 | \$ 1,962,206 | \$ 842,000 | \$ 2,804,206 | \$ 54,206 | 102% | \$ 2,810,000 |
| Sponsored Programs Services Income | 123,000 | 30,915 | 99,487 | 130,402 | 7,402 | 106% | 135,000 |
| Administrative Fees | 173,000 | 123,656 | 45,599 | 169,255 | (3,745) | 98% | 170,000 |
| Interest Income | - | 200 | 114 | 314 | 314 | --- | - |
| Other Income | - | 4,180 | - | 4,180 | 4,180 | --- | - |
| Grant cost disallowance adjustment | - | - | 200,000 | 200,000 | 200,000 | --- | - |
| 25/35 Main Transfer | - | 60,000 | - | 60,000 | 60,000 | --- | 60,000 |
| University lease - 25 Main | 66,965 | - | 66,965 | 66,965 | - | 100% | 68,639 |
| Total Revenue & Transfers In | 3,112,965 | 2,181,157 | 1,254,165 | 3,435,322 | 322,357 | 110% | 3,243,639 |
| EXPENSES & TRANSFERS OUT | | | | | | | |
| Incentive & Capacity awards | 350,000 | 350,000 | - | 350,000 | - | 100% | 350,000 |
| CSUC Facility use fees | 367,678 | 294,142 | 73,536 | 367,678 | - | 100% | 167,229 |
| Grant cost disallowance | 5,000 | - | - | - | 5,000 | 0% | 3,500 |
| Project cost overruns & bad debt | 3,000 | - | 3,290 | 3,290 | (290) | 110% | 4,500 |
| 25/35 Main cost allocation - Centers | - | 201,721 | - | 201,721 | (201,721) | --- | 191,880 |
| Administrative expenses | | | | | | | |
| Salaries and wages | 802,289 | 583,381 | 203,775 | 787,156 | 15,133 | 98% | 893,130 |
| Payroll Taxes and Benefits | 386,335 | 244,405 | 61,078 | 305,483 | 80,852 | 79% | 335,071 |
| Professional Services - Legal | 2,500 | - | 466 | 466 | 2,034 | 19% | 2,500 |
| Professional Services - Indirect Proposal | 25,000 | 5,000 | 20,000 | 25,000 | - | 100% | - |
| Operating supplies & expenses | 25,000 | 4,638 | 1,546 | 6,184 | 18,816 | 25% | 25,000 |
| Office supplies | 9,300 | 7,367 | 2,456 | 9,823 | (523) | 106% | 9,000 |
| Public relations | 2,500 | 50 | 17 | 67 | 2,433 | 3% | 2,500 |
| Depreciation Expense | 5,000 | - | 5,000 | 5,000 | - | 100% | 5,000 |
| 25/35 Main cost allocation - RESP office space | 53,750 | 79,892 | - | 79,892 | (26,142) | 149% | 74,652 |
| Allocated RF Admin costs | 956,877 | 717,658 | 229,082 | 946,740 | 10,137 | 99% | 956,877 |
| Total Expenses & Transfers Out | 2,994,229 | 2,488,253 | 600,246 | 3,088,499 | (94,270) | 103% | 3,020,839 |
| Increase (Decrease) in Net Position | \$ 118,736 | \$ (307,096) | \$ 653,919 | \$ 346,823 | \$ 228,087 | 292% | \$ 222,800 |

The CSU, Chico Research Foundation
Property Management

FY15-16 Budget to Actual, FY16-17 Proposed Budget
March 31, 2016

| FY 2016 | | | | | | |
|--------------------------------------|-------------------------------|---------------------------|---------------------|----------------------|--|-------------------------------|
| | Approved FY15-16 Budget | Actual through 3/31/15 | Apr-Jun estimate | Projected FY15-16 | FY15-16 Budget to Projection Variance | FY16-17 Proposed Budget |
| Net Position at July 1 | | | | \$ (149,529) | | |
| REVENUE & TRANSFERS IN | | | | | | |
| Rent income | \$ 64,719 | \$ 73,541 | \$ 24,514 | \$ 98,055 | \$ 33,336 | \$ 98,055 |
| Cost allocations | 165,104 | 422,655 | - | 422,655 | 257,551 | 402,426 |
| ARD support | 60,000 | - | - | - | (60,000) | 60,000 |
| Lease income - AS | 28,482 | - | 28,482 | 28,482 | - | 29,000 |
| College Park, depreciation recovered | 320,244 | 1,630 | - | 1,630 | (318,614) | 330,000 |
| Total Revenue & Transfers In | 638,549 | 497,826 | 52,996 | 550,822 | (87,727) | 919,481 |
| EXPENSES & TRANSFERS OUT | | | | | | |
| Management fees | 37,445 | 22,604 | 7,535 | 30,139 | 7,306 | 29,200 |
| Allocated admin office costs | 23,828 | 11,923 | 3,974 | 15,897 | 7,931 | 15,868 |
| Utilities | 142,017 | 62,719 | 20,906 | 83,625 | 58,392 | 81,840 |
| Other | 10,097 | 6,531 | 2,177 | 8,708 | 1,389 | 7,690 |
| Repairs & maintenance | 111,016 | 82,928 | 27,643 | 110,571 | 445 | 108,490 |
| Depreciation | 215,787 | 168,465 | 56,155 | 224,620 | (8,833) | 224,610 |
| Interest - LT Financing | 117,750 | 117,750 | - | 117,750 | - | 114,975 |
| Insurance | 18,676 | - | 18,676 | 18,676 | - | 17,420 |
| Property taxes | 7,000 | - | 7,000 | 7,000 | - | - |
| Total Expenses & Transfers Out | 683,616 | 472,920 | 144,066 | 616,986 | 66,630 | 600,093 |
| Increase (Decrease) in Net Position | \$ (45,067) | \$ 24,906 | \$ (91,070) | \$ (66,164) | \$ (21,097) | \$ 319,387 |
| Net Position at March 31 | | | | \$ (215,693) | | |
| | | | | | 90% | |
| | | | | | 147% | |

The CSU, Chico Research Foundation
Property Management
FY16 Property Detail
March 31, 2016

| | 30203 | 30221 | 30224 | 30206 | 30231 | 30273 - 30285 | Actual through 3/31/16 |
|---|-------------|--------------|--------------|-------------------|-----------------|---------------------|------------------------|
| | Eagle Lake | 35 Main St | 25 Main St | Railroad Property | 630 Stadium Way | College Park Houses | |
| Net Position at July 1 | \$ (10,578) | \$ - | \$ - | \$ (650) | \$ - | \$ (138,301) | \$ (149,529) |
| REVENUE & TRANSFERS IN | | | | | | | |
| Rent income | - | - | - | - | - | 73,541 | 73,541 |
| Cost allocations | - | 186,178 | 236,477 | - | - | - | 422,655 |
| College Park, depreciation recovered | - | - | - | - | 1,630 | - | 1,630 |
| Total Revenue & Transfers In | - | 186,178 | 236,477 | - | 1,630 | 73,541 | 497,826 |
| EXPENSES & TRANSFERS OUT | | | | | | | |
| Management fees | - | 7,601 | 9,172 | - | 700 | 5,131 | 22,604 |
| Allocated admin office costs | 106 | 6,358 | 4,343 | - | - | 1,116 | 11,923 |
| Utilities | 1,214 | 17,358 | 38,418 | - | 122 | 5,607 | 62,719 |
| Other | - | 625 | 4,742 | - | 759 | 405 | 6,531 |
| Repairs & maintenance | - | 27,146 | 32,065 | - | 1,558 | 22,159 | 82,928 |
| Depreciation | 4,067 | 70,164 | 69,053 | - | - | 25,181 | 168,465 |
| Interest - LT Financing | - | 48,148 | 69,602 | - | - | - | 117,750 |
| Total Expenses & Transfers Out | 5,387 | 177,400 | 227,395 | - | 3,139 | 59,599 | 472,920 |
| Increase (Decrease) in Net Position | (5,387) | 8,778 | 9,082 | - | (1,509) | 13,942 | 24,906 |
| Net Position at March 31 | \$ (15,965) | \$ 8,778 | \$ 9,082 | \$ (650) | \$ (1,509) | \$ (124,359) | \$ (124,623) |
| Asset purchase value | \$ 770,771 | \$ 2,788,336 | \$ 2,986,930 | \$ 98,915 | \$ - | \$ 1,995,523 | \$ 8,640,475 |
| Accumulated depreciation | (634,311) | (1,225,704) | (1,116,967) | - | - | (320,220) | (3,297,202) |
| Property net of accumulated depreciation at 3/31/16 | \$ 136,460 | \$ 1,562,632 | \$ 1,869,963 | \$ 98,915 | \$ - | \$ 1,675,303 | \$ 5,343,273 |

The CSU, Chico Research Foundation
Property Management
FY17 Budgeted Property Detail

| | 30203 | 30221 | 30224 | 30273 - 30285 | Actual through 3/31/16 |
|--------------------------------------|------------|------------|------------|---------------------|------------------------|
| | Eagle Lake | 35 Main St | 25 Main St | College Park Houses | |
| REVENUE & TRANSFERS IN | | | | | |
| Rent income | - | - | - | 98,055 | 98,055 |
| Cost allocations | - | 196,896 | 205,530 | - | 402,426 |
| ARD support | - | 24,600 | 35,400 | - | 60,000 |
| Lease income - AS | - | - | 29,000 | - | 29,000 |
| College Park, depreciation recovered | - | - | - | 330,000 | 330,000 |
| Total Revenue & Transfers In | - | 221,496 | 269,930 | 428,055 | 919,481 |
| EXPENSES & TRANSFERS OUT | | | | | |
| Management fees | - | 10,130 | 12,230 | 6,840 | 29,200 |
| Allocated admin office costs | 108 | 8,480 | 5,790 | 1,490 | 15,868 |
| Utilities | - | 23,140 | 51,220 | 7,480 | 81,840 |
| Other | - | 830 | 6,320 | 540 | 7,690 |
| Repairs & maintenance | - | 36,190 | 42,750 | 29,550 | 108,490 |
| Depreciation | 5,420 | 93,550 | 92,070 | 33,570 | 224,610 |
| Interest - LT Financing | - | 47,009 | 67,966 | - | 114,975 |
| Insurance | - | 8,320 | 9,100 | - | 17,420 |
| Total Expenses & Transfers Out | 5,528 | 227,649 | 287,446 | 79,470 | 600,093 |
| Increase (Decrease) in Net Position | (5,528) | (6,153) | (17,516) | 348,585 | 319,387 |



Board of Director's Meeting - Monday, May 23, 2016

Human Resources Update

- April/May Highlights
 - April 18 – 22, 2016 SUGA Conference
 - SunGard Public Sector Users Group Association
 - 2017 Auxiliary Organization Association/Wells Fargo Insurance Health Benefits Proposal by June 2016
 - Securing RFPs from other brokers
 - Fair Labor Standards Act (FLSA) – Exempt/Non-exempt Employees
 - Current Exempt Status Minimum = \$23,600/yr.
 - Proposed = \$47,000/yr.
 - Affects one exempt administrative position.
 - Developing a plan with the assistance of Tray Robinson, Office of Diversity & Inclusion, to incorporate CSUC University Diversity mission & vision.
 - Employment composition –
 - Full Benefited = 188 (27%)
 - All Others (Faculty, Regular P/T, Students) = 531 (73%)
 - Updating sections of Employee Handbook to resolve Chancellor's Audit findings.
 - Systems accruals unable to match handbook.
 - Prior written supervisor approval required for overtime updated to remove the word "Prior".

Ecological Reserves Update

May 2016

Reserves Usage:

| Purpose | 2014/15 | 2015/16 (July-current) |
|---|--------------|------------------------|
| Research (includes ongoing student, faculty and outside research) | 88 | 234 |
| University Classes | 981 | 1594 |
| Public Service (includes K-12, and public hikes) | 1,057 | 2,124 |
| TOTAL | 2,126 | 3,952 |

Update:

- Training
 - Teaming with Firestorm to set up certified wildland fire training for BCCER staff and volunteers for prescribed burning
- Recent burglaries at BCEP and BCCER have prompted installation of a security system at BCCER
- Tracking website usage, average visitors are ~1,000/month for BCCER and ~270 for BCEP.
- Schedule changes for full time staff (\$23K savings/year)
- Spring Turkey Hunt a huge success, 11 turkeys taken. Fall deer kicking off late August, hunt dates coordinated with faculty
- Engineering evaluation of BCCER barn complete, punch list of structural repairs in hand, now waiting on quotes for historical evaluation and repairs
- MOU with Mechoopda and Contract Agreement with Terra Fuego in final draft stages
- Henning House fenced and under camera surveillance, no new plans for demo or renovation

Upcoming:

- Annual NABA Butterfly Count – 2 June
- Gateway Science Summer Camp field trips at the BCEP – 24 June, 1 July, 14 July, 22 July

Special Set Ups as of 4/30/16

| Project Director | Sponsor | Proposal & Project No.'s | Project Begin & End Dates | Project Title | Last Action | SSU Amount | Costs Incurred through 4/30/16 |
|---------------------------------|----------------------------|--------------------------|-----------------------------|---|--|--------------|--------------------------------|
| Parks, Diana / Zimbelman, Joel | U.S. Dept of State | 16-122 / 60695 | 4/1/16 - 9/30/19 | Study of the US Institutes for Student Leaders on Social Entrepreneurship | 4/20 SSU approved for travel costs - reimbursement guaranteed by Director of OIE. 4/15 letter of intent to fund received from sponsor. | \$1,000.00 | \$0.00 |
| Schwenkler, Jason / Dolan, Jane | U.S. Bureau of Reclamation | 16-046 / 60696 | 3/1/16 - 6/30/21 (proposed) | Sacramento River Side Channels Restoration in Tehama County | 4/26 SSU approved for Sacramento River Forum program costs - reimbursement guaranteed by Director of GIC and Dean of BSS. | \$118,747.16 | \$0.00 |

Total Expended \$0.00