

SECTION 6. Finance and Investment

6.9 Budget Policy

6.9.1 Scope

This policy applies to the University Foundation's Operating Fund, identified as Fund 10 in the accounting schedule. These funds are comprised of accounts that are not otherwise identified as either Campus Program Funds (Fund 20), Scholarship Funds (Fund 35), Endowment Funds (Fund 80), or Annuity and Trust Funds (Fund 45). Income to these funds generally comes from Administrative Fees and Investment Earnings.

6.9.2 Policy

Annually each June, staff in the Office of the CEO shall prepare and submit a draft budget to the Board of Governors for approval. Specifically, the budget shall be submitted to the Finance and Investment Committee for their review and approval. Foundation staff will provide the board with "budget to actual" reports at their regular meetings during the year and a reconciliation after year end.

The annual budget shall include the following components for each fiscal year beginning July 1 and ending June 30:

1. Revenue – Anticipated revenue shall be identified in five main categories:
 - a. Cash Gifts – unrestricted gifts
 - b. Administrative Fees charged on restricted gifts
 - c. Endowment Fees – fees charged to the endowment pool
 - d. Investment Earnings – Investment earnings and interest, not to include unrealized losses or gains
 - e. CSE Investment Fees – fees charged to others for investment services
 - f. A miscellaneous category may be used for unforeseen revenue
2. Expenditures – Anticipated expenditures shall be identified in the following main categories with more detail as an option:
 - a. Salaries and Wages
 - b. Accounting and Business Service costs
 - c. Investment, Legal and other contracted costs
 - d. Fundraising costs
 - e. Other operating expenses
 - f. Discretionary funds set aside for use by the CEO and the President
3. Anticipated ending budget surplus or deficit.

6.9.3 Review

Actual revenues and expenditures shall be tracked monthly against the amounts budgeted; using the percent of budget spent to illustrate progress throughout the year.

At each board meeting, the CEO for the University Foundation shall present the most current Budget to Actual Report, explaining any variances, and responding to any questions or concerns from the Governors.

6.9.4 Reconciliation

At each October meeting, the presentation shall include a final year-end Budget-to-Actual reconciliation report for the prior fiscal year ending June 30 in addition to the first report for the current fiscal year. Any variances over or under budget will be examined and explained.

In the event there is a need for expenditures in addition to those anticipated in the approved budget, a request may be submitted to the board using the following process:

1. Overspending is defined as spending more than 5% over the total budget expenditure amount.
2. Line-item amounts do not require board approval for overspending if the total expenditure amount is not over budget. However, an explanation should be provided for any line-item overspending at each Finance and Investment Committee meeting
3. Requests to overspend should be submitted to the Executive Committee for approval.
4. In an emergency, approval may be granted by consensus of the board chair, the vice-chair and the chair of the Finance and Investment Committee.

Original Board Approval and Effective Date: June 25, 2020
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