



CALIFORNIA STATE UNIVERSITY
Stanislaus
FOUNDATION

OPERATING BUDGET 2016-17

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION
OPERATING BUDGET FOR 2016-17
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MEMORANDUM

DATE: May 19, 2016

TO: California State University, Stanislaus Foundation Finance & Investment Committee

FROM: Amanda Nelson, Manager of Auxiliary Accounting

SUBJECT: Recommendation to Approve 2016-17 Operating Budgets

Background:

Pursuant to the provisions of the *Compilation of Policies and Procedures for California State University Auxiliary Organization* Section 9.8.1, for the Educational Code Section 89904(b), the California State University, Stanislaus Foundation (Foundation) is required to prepare an annual operating budget. The proposed operating budget for 2016-17 includes: General and Administrative activities, the Designated Fund, the Campus Program Fund and the Scholarship & Endowment Funds.

The Foundation's governing Board can accomplish this requirement by reviewing and approving the annual operating budget before the start of each fiscal year. Necessary changes to the approved budgets may be made by the governing Board as the fiscal year progresses.

The Foundation's operating budget is based on assumptions, historical performance, judgment of management and successful efforts to solicit and collect donations from corporations, foundations and individuals interested in support of the future success of California State University, Stanislaus. The Foundation has used sound business principles and practices to develop and anticipate the needs and obligations of the Foundation. The Foundation cannot predict all the actions or inactions, risks and uncertainties over which there may not be control that could cause actual results to differ materially. Some factors that may cause such a difference include:

- Changes in the state budget allocations to CSU
- Fluctuations in enrollment
- Changing economic conditions and their impact on investment strategies and earnings
- Increased operating costs
- Impacts of costly compliance with new regulations
- Unanticipated liability for claims against the Foundation

The proposed restricted and unrestricted budget is projected to generate a surplus of \$1.58 million. The underlying philanthropic projection for the 2016-17 academic and fiscal year is the successful collection of contributions and fundraising event income amounting to \$3.4 million. University Advancement is charged with targeting potential donors and soliciting contributions on behalf of the Foundation.

General & Administrative Fund:

A major source of revenue for the General & Administrative Fund comes from the annual support of the Foundation Board of Directors Contributions. This contribution, solicited from the members of the Board, is specifically used to fund the general operations of the Foundation, which include the company's liability insurance expense; the cost of the annual audits & legal services; and services from University accountants/financial staff, who perform the accounting and administrative services necessary to remain in compliance with federal and state laws as well as the fiduciary requirements imposed by the Foundation's role as a public benefit corporation.

For 2016-17 the Foundation will be receiving a cost allocation for the services rendered by the University for administrative management, accounting and financial systems access. The Foundation proposes to remit 40% of the allocation expenses for the next fiscal year with the balance waived in consideration for the resources contributed by the Foundation in support of the education mission of the University.

Designated Fund:

For the year, we have projected donations and pledges of \$16,500 which will be transferred to the University to various departments and programs. Management/administrative fees are projected to be \$750.

Campus Program Fund:

These funds have historical balances and receive current revenues from fund raising events and other donations made specifically for departments, programs or specific University personnel or activities.

In anticipation of an expanded donor pipeline and the benefit of enhanced divisional resources, University Advancement worked with the President, the Foundation Board of Directors, and various campus constituents to identify and begin the process of building-out scopes of work and funding models for the top major gift giving priorities for the campus, which were officially adopted in 2014/2015 referred to as Institutional Fundraising Priorities.

Institutional Fundraising Priorities anticipated to be realized for the remainder of the 2015/16 fiscal year include the arena project with a funding goal of \$400,000. Priorities included in the 2016/17 fiscal year budget include the Pool Naming campaign which is anticipated to raise \$1.5 million.

Scholarship Fund:

The 2015/16 scholarship contributions budget includes \$500,000 of One Purpose Scholarships and an additional \$170,000 in various other outright scholarships.

Endowment Fund:

The 2015/16 One Purpose Inspirational endowment gift of \$250,000 was realized in fiscal year 2014/15 (June 2015). For 2016/2017, efforts to secure a 2016 campaign inspirational gift and renew and develop new endowments are projected at \$270,000

Recommendation:

Management recommends the Foundation Finance & Investment committee recommend the full Board of Directors at the June 9, 2016 meeting accept and approve the 2016-17 operating budget.

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION

Summary of 2016-17 Operating Budget

	Approved Annual 2015-2016	Projected 2015-2016	Proposed Annual Budget 2016-2017
Revenue			
Board Member Contributions	80,000	60,454	95,000
Contributions	2,537,000	1,463,594	2,649,000
Event Income & In-Kind Support	276,000	206,500	318,500
Gift Assessment Income	46,850	47,227	98,950
Management Fee Income	125,000	130,845	129,000
Investment Income	783,000	(543,600)	108,000
Total Revenues	3,847,850	1,365,020	3,398,450
Expenses			
Accounting & Auditing Services	30,000	30,000	34,500
Advertising & Promotional Publications	8,000	11,540	11,500
Awards, Gifts & Donations	337,750	115,001	115,850
Event Expense Including In-Kind	119,250	12,527	25,000
Fiscal & Management Services	343,716	366,381	367,376
Gift Assessment	46,850	47,227	98,950
Gift in Kind - State	0	125,756	317,000
Hospitality	31,000	15,117	16,000
Instructional Equipment	10,000	0	5,000
Instructional Material	300	2,716	3,000
Insurance	28,000	23,750	26,500
Investment Service Charges - External	0	70,699	72,000
Legal Fees	7,500	0	7,500
Management Fees for Endowment and Fund Administration	180,000	130,845	129,000
Other Expenses (see attached schedule)	53,995	50,713	62,150
Postage & Freight	6,800	675	1,250
Printing & Reproduction	6,200	10,843	5,500
Programs, Student Grants & Scholarships	825,648	615,000	650,000
Salaries & Benefits - University Advancement	244,000	163,342	175,000
Salaries & Benefits Reimbursed to University	7,000	652	2,500
Supplies & Services	26,200	63,155	71,200
Training & Professional Development	3,550	2,434	5,500
Travel	7,000	5,164	12,000
Total Expenses	2,322,759	1,863,537	2,214,276
Add: Fiscal & Management Services Waiver	206,230	219,829	220,426
Add: Salaries & Benefits University Advancement Waiver	244,000	163,342	175,000
Increase (Decrease) in Net Assets	1,975,321	(115,346)	1,579,600

Footnotes

A = See Page 11 Supplemental Schedule for detail of Other Expenses

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION
General & Administrative Fund 2016-17 Operating Budget

	Approved Annual Budget 2015-2016	Projected 2015-2016	Proposed Annual Budget 2016-2017	Comments/Rationale
Revenue				
Board Member Contributions	80,000	60,454	95,000	Foundation Board Members Annual Contribution - 21 board members with dues obligations for FY 2016-17.
Assessment on Gifts (5%)	46,850	47,227	98,950	Per Foundation Gift Assessment on All Funds Policy
Management Assessment For Campus Program Fund & Endowment Fund Administration (1%)	125,000	130,845	129,000	Per Foundation Gift Assessment on All Funds Policy
Investment Income	8,000	2,650	3,000	
Other Revenue	-	-	-	
Total Revenues	259,850	241,176	325,950	
Expenses				
Accounting & Auditing Services	30,000	30,000	34,500	Financial Statement Audit (\$27,500) Preparation of Federal and State Exempt Informational Returns (\$2,500)
Awards, Gifts & Donations	100	-	100	Gift for Annual Auxiliary Organization Association Conference
Bank Charges	4,500	9,500	9,500	Bank charges for checks/credit card fees.
Contracted Services	7,195	8,200	8,200	Services from YH Advisors for Annual Registration for Charitable Solicitation Registration/Annual Funddriver Maintenance for Endowment Administration Software/Agent for Service Annual Fee
Employee & Board Functions	5,000	-	-	Board Functions
Fiscal & Management Services	343,716	366,381	367,376	Administrative Management, Accounting and Financial Systems Access Services provided to the Foundation by University Employees. Increase from budgeted amount is addition of UPD services for 2015-16.
Hospitality	1,000	-	1,000	Board and committee meetings
Insurance	26,000	22,355	25,000	Liability/Board of Directors Errors & Omissions Insurance
Investment Service Charges - External	-	600	-	Investment service charge 2015-16 on stock gift. Not likely to be repeated.
Legal Fees	7,500	-	7,500	Legal Fees including Gift Agreement Reviews and conflict of interest board training
Membership & Dues	1,100	1,100	1,100	Auxiliary Organization Association Annual Dues
Other Tax & License Fees	1,500	2,000	2,000	Annual Registrations with Attorney General and Franchise Tax Board Filing Fee, Multi-State Charitable Solicitation Annual Fees
Postage & Freight	800	650	750	Postage to send Board Packets/Tax Returns
Printing & Reproduction	3,400	5,100	5,000	Board Meeting Materials
Repairs & Maintenance	350	350	350	Facilities fees for Board Meeting Set Up
Salaries & Benefits - University Advancement	244,000	163,342	175,000	Salaries and Benefits of University Advancement Employees assigned to the Foundation. Amount budgeted and used for accruals last year is high, will be adjusted down to actual salary reimbursement at 06/30/16
Supplies & Services	1,200	-	1,200	Office Supplies/Laptop
Training & Professional Development	3,500	550	3,500	Board Training & Continuing Professional Education
Travel	2,000	900	2,000	Annual Auxiliary Organizations Association Conference
Total Expenses	682,861	611,028	644,076	
Add: Fiscal & Management Services Waiver	206,230	219,829	220,426	Waiver for cost allocation for fiscal, management and University Advancement services provided in consideration for the resources contributed by the Foundation to the University in support of the education mission of the University
Add: Salaries & Benefits University Advancement Waiver	244,000	163,342	175,000	
Increase (Decrease) in Net Assets	27,219	13,319	77,300	

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION

Designated Fund 2016-17 Operating Budget

	Approved Annual Budget 2015-2016	Projected 2015-2016	Proposed Annual Budget 2016-2017
Revenue			
Contributions	7,000	13,000	15,000
Event Income & In-Kind Support	11,000	1,000	1,500
Total Revenues	18,000	14,000	16,500
Expenses			
Awards, Gifts & Donations	17,650	13,300	15,750
Gift Assessment	350	700	750
Total Expenses	18,000	14,000	16,500
Increase (Decrease) in Net Assets	-	-	-

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION
Campus Programs Fund 2016-17 Operating Budget

	Approved Annual Budget 2015-2016	Projected 2015-2016	Proposed Annual Budget 2016-2017
Revenue			
Contributions	930,000	740,015	1,694,000
Event Income & In-Kind Support	265,000	205,500	317,000
Investment Income	5,000	(1,250)	-
Total Revenues	1,200,000	944,265	2,011,000
Expenses			
Advertising & Marketing	8,000	11,540	11,500
Awards, Gifts & Donations	320,000	101,701	100,000
Bank Charges	3,000	473	500
Contractual Services	7,500	133	1,500
Dues & Subscriptions	1,000	417	500
Employee & Board Functions	250	-	-
Event Expense Including In-Kind	119,250	12,527	25,000
Fines & Penalties	-	173	-
Food/Snack/Meals	8,000	16,404	17,500
Gift Assessment	21,500	37,001	84,700
Gift in Kind - State	-	125,756	317,000
Honorarium	-	400	500
Hospitality	30,000	15,117	15,000
Instructional Equipment	10,000	-	5,000
Instructional Material	300	2,716	3,000
Insurance	2,000	1,395	1,500
Management Fees for Campus Program Fund Administration	20,000	20,845	20,500
Miscellaneous Expenses	600	2,094	5,000
Other Tax & License Fees	6,000	7,152	7,500
Postage & Freight	6,000	25	500
Printing & Reproduction	2,800	5,743	500
Repairs & Maintenance	7,000	-	5,000
Salaries & Benefits Reimbursed to University	7,000	652	2,500
Small Equipment	-	317	500
Space Rental-Other	1,000	2,000	2,500
Supplies & Services	25,000	63,155	70,000
Training & Professional Development	50	1,884	2,000
Travel	5,000	4,264	10,000
Total Expenses	611,250	433,884	709,700
Add: Board Approved Transfer from Endowment Fund	133,213	93,187	78,250
Increase (Decrease) in Net Assets	721,963	603,568	1,379,550

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Footnotes

A - Note due to market volatility, management is not able to estimate potential market earnings or losses.

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION
Scholarship Fund 2016-17 Operating Budget

	Approved Annual Budget 2015-2016	Projected 2015-2016	Proposed Annual Budget 2016-2017
Revenue			
Contributions	1,100,000		
One Purpose Scholarships		460,613	500,000
All Other Outright Scholarships		235,866	170,000
Total Revenues	1,100,000	696,479	670,000
Expenses			
Programs, Student Grants & Scholarships	825,648	615,000	650,000
Total Expenses	825,648	615,000	650,000
Plus: Board Approved Transfer from Endowment Fund	131,698	168,387	119,850
Increase (Decrease) in Net Assets	406,050	249,866	139,850

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION

Endowment Fund 2016-17 Operating Budget

	Approved Annual Budget 2015-2016	Projected 2015- 2016	Proposed Annual Budget 2016-2017
Revenue			
Contributions	500,000		
One Purpose Endowment	-	-	250,000
All Other Endowment Funds	-	14,100	20,000
Investment Income (loss)	770,000	(650,000)	-
Interest & Dividend Income	-	105,000	105,000
Total Revenues	1,270,000	(530,900)	375,000
Expenses			
Management Fees For Endowment Administration (Internal & External)	160,000	110,000	108,500
Investment Service Charges	-	70,099	72,000
Gift Assessment	25,000	9,526	13,500
Total Expenses	185,000	189,625	194,000
Less: Board Approved Payout to Scholarship Fund and Campus Program Fund	(264,911)	(261,574)	(198,100)
Increase (Decrease) in Net Assets	820,089	(982,099)	(17,100)

Footnotes

A - One Purpose Seed Gift for the 2015/16 fiscal year was realized in 2014/15 fiscal year as the donation was received in June 2015.

B - Note due to market volatility, management is not able to estimate potential market earnings or losses.

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION
Supplemental Schedule 2016-2017

Other Expenses - Detail Listing	Approved Annual Budget 2015-2016	Projected 2015-2016	Proposed Annual Budget 2016-2017
Bank Charges	7,500	9,973	10,000
Contracted Services	14,695	8,333	9,700
Dues & Subscriptions	1,000	417	500
Employee & Board Functions	5,250	0	0
Fines & Penalties	0	173	0
Food/Snacks/Meals	8,000	16,404	17,500
Honorarium	0	400	500
Membership & Dues	1,100	1,100	1,100
Miscellaneous Expenses	600	2,094	5,000
Other Tax & License Fees	7,500	9,152	9,500
Repairs & Maintenance	7,350	350	5,350
Small Equipment	0	317	500
Space Rental-Other	1,000	2,000	2,500
Sub-Total Other Expenses	53,995	50,713	62,150