



CALIFORNIA STATE UNIVERSITY  
**Stanislaus**  
FOUNDATION

# OPERATING BUDGET 2018-19

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
OPERATING BUDGET FOR 2018-19  
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MEMORANDUM

DATE: May 17, 2018

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

FROM: Cara Kiely, Manager of Auxiliary Accounting

SUBJECT: Recommendation to Approve 2018-19 Operating Budgets

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**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 2018-19 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 \$1.83 million. The underlying philanthropic projection for the 2018-19 academic and fiscal year is the successful collection of contributions and fundraising event income amounting to \$3.33 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 2018-19 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 \$75,000 which will be transferred to the University to various departments and programs. Management/administrative fees are projected to be \$3,750.

**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.

**Scholarship Fund:**

The 2018-19 scholarship contributions budget includes \$430,000 in various outright scholarships. Donations anticipated for the remainder of the 2017-18 fiscal year include \$269,400 in scholarship funding.

**Endowment Fund:**

For 2018-19, efforts to renew and develop new endowments are projected at \$1.50 million. There are no additional donations anticipated for the remainder of the 2017-18 fiscal year.

**Recommendation:**

Management recommends the Foundation Finance & Investment committee recommend the full Board of Directors at the June 7, 2018 meeting accept and approve the 2018-19 operating budget.

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
Summary of 2018-19 Operating Budget

	Approved Annual 2017-2018 Budget	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018- 2019
<b>Revenue</b>				
Board Member Contributions	90,000	65,129	65,129	70,000
Contributions	2,910,000	3,006,806	5,203,736	2,935,000
Event Income & In-Kind Support	250,000	129,058	129,058	320,000
Gift Assessment Income	97,250	130,298	225,457	125,250
Management Fee Income	155,500	97,612	130,149	155,000
Investment Income	7,500	1,071,255	1,227,139	11,000
Other Revenue (CSURMA Dividend)	5,750	5,389	5,389	6,931
<b>Total Revenues</b>	<b>3,516,000</b>	<b>4,505,547</b>	<b>6,986,057</b>	<b>3,623,181</b>
<b>Expenses</b>				
Accounting & Auditing Services	28,500	26,000	28,500	34,500
Advertising & Promotional Publications	2,750	259	3,500	5,000
Awards, Gifts & Donations	96,750	32,370	1,040,534	101,350
Event Expense Including In-Kind	5,700	417	417	5,000
Fiscal & Management Services	291,244	218,432	291,244	299,430
Gift Assessment	97,250	130,298	225,457	125,250
Gift in Kind - State	200,000	50,189	66,919	78,000
Hospitality	16,000	15,164	19,900	18,200
Instructional Equipment	5,000	-	-	5,000
Instructional Material	500	435	700	1,000
Insurance	22,500	17,629	23,321	21,087
Investment Service Charges	77,000	59,449	79,265	81,000
Legal Fees	7,500	-	-	7,500
Management Fees for Endowment & Fund Administration	155,500	97,612	130,149	155,000
Other Expenses (see attached schedule)	73,460	28,828	48,193	72,900
Postage & Freight	1,000	957	1,100	1,100
Printing & Reproduction	4,500	3,826	6,000	6,000
Programs, Student Grants & Scholarships	750,000	502,056	1,002,056	868,333
Salaries & Benefits - University Advancement	175,000	131,250	175,000	175,000
Salaries & Benefits Reimbursed to University	2,500	2,903	2,903	3,000
Software Licensing (Fundriver)	9,500	7,125	9,500	9,500
Supplies & Services	50,500	13,991	38,800	50,800
Training & Professional Development	8,500	5,579	6,800	9,000
Travel	12,000	12,449	14,570	16,000
<b>Total Expenses</b>	<b>2,093,154</b>	<b>1,357,218</b>	<b>3,214,828</b>	<b>2,148,950</b>
Add: Fiscal & Management Services Waiver	174,746	131,060	174,746	179,658
Add: Salaries & Benefits University Advancement Waiver	175,000	131,250	175,000	175,000
<b>Increase (Decrease) in Net Assets</b>	<b>1,772,592</b>	<b>3,410,639</b>	<b>4,120,975</b>	<b>1,828,889</b>

**Footnotes**

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

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
**General & Administrative Fund 2018-19 Operating Budget**

	Approved Annual Budget 2017-2018	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018-2019	Comments/Rationale
<b>Revenue</b>					
Board Member Contributions	90,000	65,129	65,129	70,000	Foundation Board Members Annual Contribution - 14 board members with dues obligations for FY 2018-19.
Assessment on Gifts (5%)	97,250	130,298	225,457	125,250	
Management Assessment For Campus Program Fund & Endowment Fund Administration (1%)	155,500	97,612	130,149	155,000	Per Foundation Gift Assessment on All Funds Policy
Investment Income	7,500	14,796	16,000	11,000	
Other Revenue	5,750	5,389	5,389	6,931	CSURMA Dividend Revenue
<b>Total Revenues</b>	<b>356,000</b>	<b>313,224</b>	<b>442,124</b>	<b>368,181</b>	
<b>Expenses</b>					
Accounting & Auditing Services	28,500	26,000	28,500	34,500	Financial Statement Audit & Preparation of Federal and State CA Exempt Informational Returns
Awards, Gifts & Donations	500	79	79	100	Gift for Annual Auxiliary Organization Association Conference
Bank Charges	9,500	9,465	12,620	13,000	Bank charges for checks/credit card fees.
Contracted Services	5,000	-	5,000	5,000	Services from YH Advisors for Annual Registration for Charitable Solicitation Registration
Employee & Board Functions	500	-	-	500	Board Functions
Fiscal & Management Services	291,244	218,432	291,244	299,430	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	3,614	4,500	2,200	Board and committee meetings
Insurance	21,500	17,075	22,767	20,087	Liability/Board of Directors Errors & Omissions Insurance
Investment Service Charges - External	2,000	152	203	2,000	Investment service charges on stock gifts.
Legal Fees	7,500	-	-	7,500	Legal Fees including Gift Agreement Reviews and conflict of interest board training
Membership & Dues	1,100	825	1,100	1,100	Auxiliary Organization Association Annual Dues
Other Tax & License Fees	3,000	515	3,000	3,000	Annual Registrations with Attorney General and Franchise Tax Board Filing Fee, Multi-State Charitable Solicitation Annual Fees
Postage & Freight	500	413	500	500	Postage to send Board Packets/Tax Returns
Printing & Reproduction	4,000	2,046	4,000	4,000	Board Meeting Materials
Repairs & Maintenance	1,000	174	400	1,000	Facilities fees for Board Meeting Set Up
Salaries & Benefits - University Advancement	175,000	131,250	175,000	175,000	Salaries and Benefits of University Advancement Employees assigned to the Foundation.
Software	9,500	7,125	9,500	9,500	Fundriver quarterly fee's
Supplies & Services	500	623	800	800	Office Supplies
Training & Professional Development	3,500	1,760	1,800	4,000	Board Training & Continuing Professional Education
Travel	2,000	4,070	4,070	4,000	Annual Auxiliary Organizations Association Conference
<b>Total Expenses</b>	<b>567,344</b>	<b>423,618</b>	<b>565,083</b>	<b>587,217</b>	
Add: Fiscal & Management Services Waiver	174,746	131,060	174,746	179,658	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	175,000	131,250	175,000	175,000	
<b>Increase (Decrease) in Net Assets</b>	<b>138,402</b>	<b>151,916</b>	<b>226,788</b>	<b>135,622</b>	

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
**Designated Fund 2018-19 Operating Budget**

	Approved Annual Budget 2017-2018	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018-2019
<b>Revenue</b>				
Contributions	75,000	3,800	1,064,164	75,000
Event Income & In-Kind Support	-	2,499	2,499	-
<b>Total Revenues</b>	<b>75,000</b>	<b>6,299</b>	<b>1,066,663</b>	<b>75,000</b>
<b>Expenses</b>				
Awards, Gifts & Donations	71,250	5,759	1,013,455	71,250
Gift Assessment	3,750	610	53,208	3,750
<b>Total Expenses</b>	<b>75,000</b>	<b>6,369</b>	<b>1,066,663</b>	<b>75,000</b>
<b>Increase (Decrease) in Net Assets</b>	<b>-</b>	<b>(70)</b>	<b>-</b>	<b>-</b>

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
Campus Programs Fund 2018-19 Operating Budget

	Approved Annual Budget 2017-2018	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018-2019
<b>Revenue</b>				
Contributions	1,250,000	158,355	1,055,211	930,000
Event Income & In-Kind Support	250,000	126,559	126,559	320,000
Investment Income	-	35,320	40,000	-
<b>Total Revenues</b>	<b>1,500,000</b>	<b>320,234</b>	<b>1,221,770</b>	<b>1,250,000</b>
<b>Expenses</b>				
Advertising & Marketing	2,750	259	3,500	5,000
Awards, Gifts & Donations	25,000	26,532	27,000	30,000
Bank Charges	660	1,242	1,242	2,900
Contractual Services	3,000	3,546	5,600	7,000
Dues & Subscriptions	1,200	1,084	1,100	1,200
Employee & Board Functions	-	-	-	-
Event Expense Including In-Kind	5,700	417	417	5,000
Food/Snack/Meals	15,000	-	-	5,000
Gift Assessment	62,500	7,853	52,761	46,500
Gift in Kind - State	200,000	50,189	66,919	78,000
Honorarium	5,000	90	5,400	5,000
Hospitality	15,000	11,550	15,400	16,000
Instructional Equipment	5,000	-	-	5,000
Instructional Material	500	435	700	1,000
Insurance	1,000	554	554	1,000
Management Fees for Campus Program Fund Administration	20,500	-	-	-
Miscellaneous Expenses	10,000	31	31	10,000
Other Tax & License Fees	7,500	7,170	7,200	7,200
Postage & Freight	500	544	600	600
Printing & Reproduction	500	1,780	2,000	2,000
Repairs & Maintenance	5,000	418	500	5,000
Salaries & Benefits Reimbursed to University	2,500	2,903	2,903	3,000
Small Equipment	500	-	-	500
Space Rental-Other	5,500	4,268	5,000	5,500
Supplies & Services	50,000	13,368	38,000	50,000
Training & Professional Development	5,000	3,819	5,000	5,000
Travel	10,000	8,379	10,500	12,000
<b>Total Expenses</b>	<b>459,810</b>	<b>146,431</b>	<b>252,326</b>	<b>309,400</b>
<b>Add: Board Approved Transfer from Endowment Fund</b>	<b>118,291</b>	<b>59,347</b>	<b>59,347</b>	<b>136,581</b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,158,481</b>	<b>233,150</b>	<b>1,028,791</b>	<b>1,077,181</b>

**Footnotes**

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



CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
**Scholarship Fund 2018-19 Operating Budget**

	Approved Annual Budget 2017-2018	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018-2019
<b>Revenue</b>				
Contributions	965,000	454,884	694,594	430,000
<b>Total Revenues</b>	<b>965,000</b>	<b>454,884</b>	<b>694,594</b>	<b>430,000</b>
<b>Expenses</b>				
Programs, Student Grants & Scholarships	750,000	502,056	1,002,056	868,333
<b>Total Expenses</b>	<b>750,000</b>	<b>502,056</b>	<b>1,002,056</b>	<b>868,333</b>
<b>Plus: Board Approved Transfer from Endowment Fund</b>	146,917	78,703	78,703	138,077
<b>Increase (Decrease) in Net Assets</b>	<b>361,917</b>	<b>31,531</b>	<b>(228,759)</b>	<b>(300,256)</b>

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
**Endowment Fund 2018-19 Operating Budget**

	Approved Annual Budget 2017-2018	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018-2019
<b>Revenue</b>				
Contributions	620,000	2,389,767	2,389,767	1,500,000
Investment Income (loss)	-	1,021,139	1,171,139	-
<b>Total Revenues</b>	<b>620,000</b>	<b>3,410,906</b>	<b>3,560,906</b>	<b>1,500,000</b>
<b>Expenses</b>				
Management Fees For Endowment Administration (Internal & External)	135,000	97,612	130,149	155,000
Investment Service Charges	75,000	59,297	79,063	79,000
Gift Assessment	31,000	121,835	119,488	75,000
<b>Total Expenses</b>	<b>241,000</b>	<b>278,744</b>	<b>328,700</b>	<b>309,000</b>
<b>Less: Board Approved Payout to Scholarship Fund and Campus Program Fund</b>	<b>(265,208)</b>	<b>(138,050)</b>	<b>(138,050)</b>	<b>(274,658)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>113,792</b>	<b>2,994,112</b>	<b>3,094,156</b>	<b>916,342</b>

B

**Footnotes**

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

CALIFORNIA STATE UNIVERSITY STANISLAUS FOUNDATION  
**Supplemental Schedule 2018-2019**

<b>Other Expenses - Detail Listing</b>	Approved Annual Budget 2017-2018	Actual Results as of 03/31/2018	Projected 2017-2018	Proposed Annual Budget 2018-2019
Bank Charges	10,160	10,707	13,862	15,900
Contractual Services	8,000	3,546	10,600	12,000
Dues & Subscriptions	1,200	1,084	1,100	1,200
Employee & Board Functions	500	-	-	500
Fines & Penalties	-	-	-	-
Food/Snacks/Meals	15,000	-	-	5,000
Honorarium	5,000	90	5,400	5,000
Membership & Dues	1,100	825	1,100	1,100
Miscellaneous Expenses	10,000	31	31	10,000
Other Tax & License Fees	10,500	7,685	10,200	10,200
Repairs & Maintenance	6,000	592	900	6,000
Small Equipment	500	-	-	500
Space Rental-Other	5,500	4,268	5,000	5,500
<b>Sub-Total Other Expenses</b>	<b>73,460</b>	<b>28,828</b>	<b>48,193</b>	<b>72,900</b>