Funds – Sources & Uses

University, Cal Poly Foundation and Cal Poly Corporation

September 9, 2015

- Source and Purpose of Funds
- Use of Funds
- Appropriately Sourcing Transactions between University funds, between University Campus Programs and University funds and between University and Auxiliary Organization funds
Funds – Sources & Uses

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**Executive Order 1000**

- President delegated Fiscal Authority and Responsibility
- Effective oversight of all funds held by the University and those held in a fiduciary capacity
- Ensure propriety of all expenditures and the integrity of financial reporting made by Auxiliary Organizations
- Administered by Vice President of Administration and Finance
University Funds - Sources

- **SL001 CSU Operating Fund**
  - Primary Operating Fund of the CSU
  - Sources: Student Fees and Budget Act Appropriations
  - Budgets allocated to Colleges or Departments
  - Purpose: State-supported instruction and related programs and operations

- **SL006-SL010 CSU Operating Fund**
  - CSUPERB, COAST, ARI and WR&PI
  - Sources: Allocation from Chancellor's Office
  - Budgets allocated at Fund level
University Funds - Sources

- **MRxxx CSU Operating Fund**
  - Sources: Student Fees only
  - Operates at Cash Level through a Unique Fund
  - Purpose: Same as SL001
  - Examples: Commencement, WOW, SOAR
  - Explanation of unexpended revenue in excess of 20% annually

- **MOxxx: Instructionally Related Activities (IRA)**
  - Sources:
    - IRA student fees (application process)
    - Nominal gifts
    - Other revenue generated by IRA program itself, such as gate receipts, event fees, advertising, etc.
  - Purpose: Out of class experience that provides enrichment to students and enhances learning. Must be integrally related to instruction.
  - Explanation of unexpended revenue in excess of 20% annually
University Funds - Sources

**MYxxx: Lottery Education Fund**
- Sources: Allocation from Chancellor’s Office
- Budgets allocated at Fund level
- Purpose: To supplement, not replace, current or prospective state-funding for instruction
- Excludes: Uses for non-instructional purposes, like construction of facilities, and faculty/staff compensation, stipends, honoraria, faculty overloads
- Allocations spent in year allocated - Explanation of unexpended revenue in excess of 20% annually

**MXxxx: Other Trust Fund**
- Only used when activities are not described by any other fund. The propriety of other funds should be considered first when determining where to record new activity
- Sources: Varies-by type of activity
- Purpose: Varies-by type of activity
- Trust Agreement for initial setup
- Explanation of unexpended revenue in excess of 20% annually
- Examples: Compost Sales, Green & Gold event, Preschool Lab, Career Fair, Theatre Rental
University Funds – Sources

- **SL002: Aux Org/3rd Party Cost Recovery (SL002)**
  - **Sources:** Revenue from monthly “Auto Invoice” process – triggered by University expenses
  - **Purpose:** Reimbursement of goods and services paid by the University from funds held by the Auxiliary Organizations or external 3rd parties
  - **Expense Transaction Requirements:**
    - Program:
      - CPF – R2000*
      - CPC – R1000
      - ASI – R1001
    - Project:
      - CPF - B + Org Key*
      - CPC - Z + Org Key
      - ASI - Y + Org Key

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University Funds - Sources

- **RLxxx/RMxxx: Internal Service Funds - Cost Recovery/Chargebacks**
  - **Sources:** Cost Recovery/Chargeback Income
  - **Purpose:** Reciprocal and Non-Reciprocal Activities
    - **Reciprocal Activities:** Services, goods and facilities provided between internal University departments or between the University and Chancellor’s Office
    - **Non-Reciprocal Activities:** Receipt of cash or goods without receipt of cash or goods in return and without a requirement of repayment
  - **Annual approval of chargeback methodology**
Cal Poly Foundation Funding
Sources Available for University Use

- University Campus Program funds (UCP) are spending accounts that reside with the University and are funded by the following sources held by the Cal Poly Foundation:
  - Gifts
  - Endowment Distributions

- UCP funds are always restricted and in practice are categorized as follows:
  - Restricted – For example, can only be used for the purchase of Robotic equipment for Mechanical Engineering
  - Discretionary – For example, can be used to support the Mechanical Engineering department

Cal Poly Foundation
Funding Source Restrictions

- Need to differentiate between donor imposed restrictions vs. internal restrictions.
  - Donor imposed restrictions are stipulated in the donor agreement that accompanies the gift
  - Internal restrictions are communicated by campus personnel
  - Regardless of funding source, all expenses must be for a bonafide University business purpose. i.e. no personal expenses are allowed.

Note: Internal and donor imposed restrictions will affect a department's ability to spend.
How do University Campus Program fund restrictions affect my ability to spend.

- All expenditures that will be charged to a University Campus Program fund are reviewed by University Campus Programs and may not be allowed depending on documented restrictions in place.

Cal Poly Corporation Funds - Sources

- Income:
  - Campus Programs
    - Professional Development
    - Discretionary
    - Special Activity
    - Centers & Institutes
    - Conference & Event Planning
  - Commercial Services
  - Sponsored Programs
Cal Poly Corporation Funds - Sources

- Professional Development/Research Support
  - Purpose: Provide University faculty/staff with additional opportunities to attain skills and knowledge for career advancement and funding for future research projects.
  - Sources:
    - Indirect cost distribution related to contracts and grants
    - Nominal gifts can be received to avoid duplication of accounts with the same purpose.

- Discretionary
  - Purpose: Provide support for various programs and departments across Campus
  - Sources:
    - Retained earnings from Commercial Services operations
    - A few are funded by gifts, but retained by CPC due to their relationship to CPC activities, i.e. Swanton Ranch
Cal Poly Corporation Funds - Sources

■ Special Activity
  □ Purpose: Provide departments accounts for income generating activities
  □ Sources: Income-Generating Activities
    ■ Fundraising Events
    ■ Department Banquets and Internal Meetings
    ■ Ticket Sales
    ■ T-shirt Sales
    ■ Memberships

■ Centers and Institutes
  □ Purpose: To support research activities
    ■ Offer non-credit instruction
    ■ Build links with industry and the community
    ■ Foster interdisciplinary efforts and cooperation among departments and across colleges
    ■ Perform public service
    ■ Develop student opportunities to practice their academic discipline
  □ Sources:
    ■ Gifts, grants, donations
    ■ Registration fees
Cal Poly Corporation Funds - Sources

- Conference and Event Planning
  - Purpose: Activities and programs which provide opportunities for developing and promoting the University and community relations
    - Offers non-credit courses, seminars, workshops, conferences or other outreach events
    - One-stop-shop: registration, housing, logistics, dining, etc.
  - Sources:
    - Service fees
    - Settlement distributions

- Commercial Services
  - Purpose: Provide goods and services to the campus community to assist the university in achieving its education mission.
  - Sources:
    - Agriculture
    - Swanton Ranch
    - Bookstore
    - Campus Dining
    - University Graphic Services (UGS)
Cal Poly Corporation Funds - Sources

- Sponsored Programs
  - Purpose: To administer research grants

- Sources:
  - Administration fees
  - Indirect Cost Distribution
    - Centers & Institutes
    - Professional Development/Research Support

All Funds - Uses

- Fund Purpose
- Externally-Imposed Restrictions
- Mission of the University
- Bona fide Business Purpose
- Hospitality Policy
- Travel Policy
- Appropriately Sourcing Transactions
Contacts

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Cal Poly Corporation:
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University Funds – References

- All Funds
  - Executive Order 1000
- SL001, SL006-SL010 & MRxxx: Operating Funds
  - Fund Authority: Education Code 89721(l)
- MOxxx: Instructionally Related Activities (IRA)
  - Fund Authority: Education Code 89230, 89700 and 89721(h)
  - IRA Website: http://www.academicprograms.calpoly.edu/IRA/
University Funds - References

- **MYxxx:** Lottery Education Funds
  - Fund Authority: Government Code Section 8880.1, 8880.5, California State Lottery Act of 1984, Education Code 89721(I) and 89722.5
  - Lottery Website: [www.calstate.edu/budget/lottery](http://www.calstate.edu/budget/lottery)

- **MXxxx:** Other Trust Funds
  - Fund Authority: Education Code 89721(g)

- **SL002:** Aux Orgs/3rd Party Cost Recovery
  - Fund Authority: Education Code 89721(g)

- **RLxxx/RMxxx:** Internal Service Funds
  - Fund Authority: Education Code 89721(g)