ABC 2015 Fall Summit

Funds – Sources & Uses

University, Cal Poly Foundation and Cal Poly Corporation

September 9, 2015
Funds – Sources & Uses

- 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

### TYPES OF FUNDS (Sources)

<table>
<thead>
<tr>
<th>University</th>
<th>Foundation &amp; University Campus Program Funds</th>
<th>Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- General Fund</td>
<td>Gift Funds (restricted purpose)</td>
<td>Income:</td>
</tr>
<tr>
<td>- Capital Outlay</td>
<td>- Restricted Funds - 6000-6999 Have limited restrictions</td>
<td>- Campus Programs: Discretionary</td>
</tr>
<tr>
<td></td>
<td>- Discretionary Funds – 7000-7999 Have less limiting restrictions</td>
<td>Professional Development</td>
</tr>
<tr>
<td><strong>Proprietary:</strong></td>
<td><strong>Endowments</strong></td>
<td>Special Activity</td>
</tr>
<tr>
<td>- Enterprise:</td>
<td></td>
<td>Centers &amp; Institutes</td>
</tr>
<tr>
<td></td>
<td>SRB* Pledged Funds</td>
<td>Conference &amp; Event</td>
</tr>
<tr>
<td></td>
<td>CSU Operating Fund</td>
<td>Planning</td>
</tr>
<tr>
<td></td>
<td>Lottery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Instructionally Related Activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Trust Funds:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University Campus Programs</td>
<td>- Commercial Activities:</td>
</tr>
<tr>
<td></td>
<td>Internal Service</td>
<td>University Store</td>
</tr>
<tr>
<td><strong>Fiduciary:</strong></td>
<td><strong>Life Income Funds</strong></td>
<td>Campus Dining</td>
</tr>
<tr>
<td>- Investment Trust</td>
<td></td>
<td>Ag Enterprises</td>
</tr>
<tr>
<td>- Private-Purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Agency Funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

- Proprietary
- Governmental
- Fiduciary
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
University Funds - Sources

- 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**
University Funds - Sources

- **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
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
University Campus Program Funds Overview

Cal Poly Foundation (CPF)

- General Operating
- Endowments & Life Income Funds
- Campus Programs

Cal Poly State University (CPSU)

- CSU Operating Fund (SL001)
- miscellaneous Trust Funds

abc.afd.calpoly.edu 13
University Campus Program Funds Overview

Cal Poly Foundation (CPF)
- General Operating
- Endowments & Life Income Funds
- Campus Programs Gift Funds

Cal Poly State University (CPSU)
- CSU Operating Fund (SL001)
- Miscellaneous Trust Funds
- Campus Program Expense Funds

Donor Gift
- Payment to Vendor

abc.afd.calpoly.edu
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.
Cal Poly Foundation
Funding Source Restrictions

- 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.
Cal Poly Corporation Funds - Sources

- 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
Cal Poly Corporation Funds - Sources

- **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

University:
Kimberly Perez 6-7415 kperez@calpoly.edu

University Campus Programs:
Marc Benadiba 6-5864 mbenadib@calpoly.edu

Cal Poly Corporation:
Dan Banfield 6-7335 dbanfield@calpoly.edu
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/](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(l) 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/3\(^{rd}\) Party Cost Recovery**
  - Fund Authority: Education Code 89721(g)

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