ABC 2016 Fall Summit

Funds – Sources & Uses

University, Cal Poly Foundation and Cal Poly Corporation

September 7, 2016
Funds – Sources & Uses

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

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* System-wide Revenue Bonds

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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
- Ensures 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
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 are 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
  - Examples: Compost Sales, Green & Gold event, Preschool Lab, Career Fair, University Campus Programs
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

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University Campus Program Funds Overview

Cal Poly Foundation (CPF)

General Operating
Endowments & Life Income Funds
Campus Programs Gift Funds

Donor Gift

CSU Operating Fund (SL001)
Miscellaneous Trust Funds
Campus Program Expense Funds

Payment to Vendor

Donor Gift

Donor Gift

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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 always be for bonafide University business purposes. 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?
  - 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.
Income:

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

- 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
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 756-7415
kperez@calpoly.edu

University Campus Programs:
Dave Marshall 756-7418
dmarshal@calpoly.edu

Cal Poly Corporation:
Dan Banfield 756-7335
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/3rd Party Cost Recovery
  ▶ Fund Authority: Education Code 89721(g)

■ RLxxx/RMxxx: Internal Service Funds
  ▶ Fund Authority: Education Code 89721(g)