

**Annual Report of the PRBC to the University Community
California State University, Fullerton
2004-05**

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This Report is the second of what we, the *Planning, Resource and Budget Committee* (**PRBC**), intend to be an annual report to the University Community. The purpose of these reports will be to provide: (1) relevant and up-to-date managerial and/or financial information that is or will be used for important decisions within the University, (2) occasional analyses of units within the University or (3) discussions of a broader type to illustrate what may be thought to be the “behind-the-scenes” decision-making. The members of the PRBC firmly believe that the managerial and financial transactions of the University should be transparent. Indeed, while the financial transactions of the University are audited by reputable accountants using normal auditing standards and are reviewed by the CSU System, many members of our community remain unaware of some or many of the important issues faced by a large public university within the largest university system in the United States.

The current report focuses on the CSUF Foundation, including a review of the Office of Grants and Contracts¹. Appendices below which provide details are summarized from the official financial statements and report totals and many categories exactly, but are not reported according to official accounting standards (i.e., several income and balance sheet items are combined). The reason for this is that the income statement, for example, for the whole Foundation is in an excel workbook measuring 5.28 MB (5,544,960 bytes) with 42 separate excel sheets within the

¹ Note that the Foundation will have a new name within a year, most likely including the phrase ‘Auxiliary Services.’

workbook. Rather they are presented in a format intended to be understood by the average member of the University Community.

Before we examine the appropriate details for the Foundation, the tables included in the Appendices at the end of this document are:

- Appendix 1:** Foundation Income Statement Projections
- Appendix 2:** Foundation Total Revenue Chart (most important revenue sources listed)
- Appendix 3:** Foundation Total Expenditure Chart
- Appendix 4:** Foundation Net Income Summary
- Appendix 5:** Foundation Balance Sheet Summary
- Appendix 6:** Bookstore Income Stmt. Summary (not including El Toro bookstore)
- Appendix 7:** Carl's Jr. Income Stmt. Summary
- Appendix 8:** Foundation 7-yr. Historical Cash Flow Summary
- Appendix 9:** University Needs Distribution
- Appendix 10:** Grants and Contracts 17-year Cost Analysis

The Foundation is and must be run like a normal business, and is audited according to standard business accounting practices. Its major businesses (operations) include the bookstore and food facilities (Carl's, Titan Shops; see **Appendix 2** for a list of all commercial and non-commercial operations). If these operations would not produce a profit for the University, there would probably be no reason to own and operate them.

The only significant difference between the Foundation and a normal for-profit business like Borders or McDonalds is that the profits (net income) of the Foundation are owned by the University, not individual shareholders. But this difference means that the Foundation effectively has two purposes: (1) serving the University directly in terms of maximizing the net income and (2) providing services to the University community at affordable prices. If the Bookstore, for example, lowers textbook prices to serve students, the Foundation is thereby reducing net income. The dual purposes of the Foundation provide for a constant balancing act. And the University does not pay taxes on the net income. With net income for the Foundation approaching \$400K

(see Appendix 4), the tax benefits (at a 35% tax rate) are almost \$140,000 per year, and would be even higher given the net benefit to the University (discussed below).

But the fact that the Foundation is a non-profit corporation allows for slightly different accounting practices. Aside from the net income, the Foundation also allows the various business units to distribution proportions of their earnings (profits). So while one of the issues which interests the University community is what happens to that net income of almost \$400K every year, the other issue is how those other funds are distributed. These question will be addressed below in some detail (in the general discussion and when analyzing the University Needs Distribution). We begin our analysis with a focus on net income.

Whatever the answers may be to the directive, “Show me the money,” it is worth reminding ourselves of the context. The total CSUF budget will soon be ¼ of a billion dollars (\$250M). Total Revenues for the **Foundation** are about \$21 Million (see next paragraph for the “grand” total). The net income of (under) \$400K is 2% of the Foundation’s total revenue, and is less than 1/500 of CSUF’s total annual budget. While obviously not an insignificant amount of money, \$400K is a small percent of the University’s budget.

Consider now the information conveyed in the Appendices. They are intended to provide the “big” picture of the Foundation, along with an in-depth view of the Bookstore and Carl’s Jr. (the latter two as important examples of the Foundation’s operations). Total Revenue and other income for the Foundation (**Appendix 1**) is \$25,876,758 for the 2004–05 budget, line 15 in the appendix. This \$25.9 million includes “Other Income,” line 14 of Appendix 1, which is primarily related to College Park, but does not include the Sponsored Programs (Grants and Contracts) amount of \$13,325,728 analyzed separately below (i.e., the grand total budget is **\$39,056,235**).²

² The net income would equal line 17 (\$768K) if the amount devoted to College Park is included.

How big is this business? It is big, requiring several hundred employees. But is small in comparison to the Fortune 1000 firms (the largest firms in the U.S. as ranked by revenue). Wal-Mart, with annual revenues approaching **\$300 billion** and about **1.7 million employees**, is the largest company in the country while the smallest of the Fortune 1000 firms have about \$1.5B of revenue. Stephen Mihaylo's company (Inter-Tel Inc., Ticker: INTL) has revenues of about \$400M per year with 2,000 employees; still a very large company but not in the Fortune 1000. Nonetheless, most beginning entrepreneurs would be very happy and would become quite wealthy owning a company like the Foundation (over many years). If the Foundation were a private firm owned by the CEO, the owner would have almost \$400K per year to spend or to reinvest in the business (this amount is in addition to the CEO's salary, which is an operating expense).

As noted at the outset, the Foundation's net income barely tells the whole story of the Foundation's support of the University. This occurs in an indirect way (as compared to a "normal" for-profit company which would report all benefits to shareholders directly in the income statement). For instance, while the Foundation does not operate the Gym and Sports Complex, it does operate the related concessions (selling food at sports events, etc). These concessions make money (profits). The Foundation uses formulas to distribute certain percentages of these profits back to the "unit" where these concessions (or other operations) are managed. The budget for 2003-04 designates that \$76,084 for Sports (the Gym and Sports Complex and Athletics) is returned to them.³ This amount is not included as a part of the net income of the \$400K mentioned above.

Indeed, the large majority of the Foundation's contribution to the University is not included as part of the net income listed in **Appendix 1**. Rather, the "indirect" contribution by the

³ These funds were used to help repay a Sports Complex Loan that the Foundation made to the University several years ago

Foundation to the University totals almost \$1.6M for the **2003–04** budget year (see below); which is above a 4% “return” on the approximately \$38M grand total budget; vs. the 2% discussed above. If there is a question about this “distribution,” it is probably about the individual percentages of profits returned to the operating units and the overall slices of the “pie” which each unit receives. One might argue, for example, that any profit from sports should go directly to research – an argument that some faculty might favor. But there are many constituents of the University and they all need support.

The Foundation with its Board of Directors has the responsibility of making such decisions. It decides how the “profits” or “revenues” will be distributed when they approve the annual budget. In certain instances, they make individual decisions (e.g. TSU contract, or Campus Payphone contract) that have revenue-sharing components that then must be reflected in the budget – which they also must approve.

The Foundation’s total budgeted contribution to the University is summarized as follows:

FOUNDATION CONTRIBUTION SUMMARY – BUDGET	2003–04
Research	
Indirect/Direct Cost Distribution, Grants and Contracts, etc	\$448,697
Commissions	
Sports, Food Court, Titan Shops, etc.	\$335,347
Miscellaneous	
Admin., bookstore, Carl’s, Tucker Wildlife, Bid of Excitement, Textbook rebate program, President’s Scholars, textbook scholarships	\$314,360
Total from Operations	\$1,098,404
University Needs (discussed below in detail)	\$325,000
Total Cash to University	\$1,423,404
University Donation (UA)	
Pepsi Contract (\$148,593) and CKE (\$20,000)	\$168,593
GRAND TOTAL – UNIVERSITY CONTRIBUTION	\$1,591,997

The related amount for prior years (1998–99 to 2002–03) are, in **millions**: \$1.272, \$1.364, \$1.40, \$1.64, \$1.554. The Pepsi and CKE (Carl’s) contracts will be ending soon, with the likelihood that a soft–drink contract will be renegotiated.

The Foundation has 51 separate sources of operating revenue (not including other income), though many of these sources are within the bookstore itself. The major sources of revenue are listed in **Appendix 2** along with the projected revenue from operations (all sources > \$100K). Textbook revenues alone (about \$8.6M) constitute 33.2% of the \$25.9M of total revenue from **operations**. And Carl’s Jr. accounts for \$1M of revenue. This is the main reason we examine these operations in slightly more detail below.

Appendix 3 illustrates how expenses use up the sales revenue. The debt service expense of about \$2 million is for the College Park building. Other expenses are part of the normal day-to-day cost of doing business.

Appendix 4 provides a different perspective on how the Foundation projects that it will have a net income of \$386K for 2004–05, just a one-year snapshot of operations. This appendix reports the “bottom-line” for each basic business unit – the net income for each unit, along with the total cost of administering the Foundation of \$1,481,611. The net income for the major divisions are:

Sponsored Programs	\$ 160,339
Food and Vending	\$ 511,818
Titan Shops	\$1,192,900
Other Operations	\$ <u>2,819</u>
Total	\$1,707,537
Minus Admin Costs	<u>\$1,481,611</u>
Total NI =	\$ 386,266

Note that food and vending at El Toro **costs** the University (Foundation) over \$32,000. This can be interpreted as providing a subsidy for the over 3,000 students at El Toro, though if such services were not offered there, it would be difficult to claim that it is a college campus.⁴ The Tucker Wildlife Center is also costing the University – but seems clearly to be providing a service.

⁴ This point is more complicated than it appears, largely because these costs consist primarily of depreciation expenses from the original investment in El Toro.

Appendix 5 displays the main content of the Foundation’s balance sheet – the list of all assets owned by the Foundation matched with the **sources** of capital (money) which finance those assets. While most individuals do not think in terms of a balance sheet, a family’s primary residence can easily be conceptualized that way. The home is the asset with a current market value and the remaining balance on the mortgage along with total equity in the home (down payment, balance of loan paid–off plus the price appreciation of the home) are the liabilities and equity. Since the Foundation is not a company, but an organization, it has no equity (no shares). Instead, the equivalent is net assets.

As is obvious in Appendix 5, the lease on the College Park building is the major asset owned by the Foundation, of \$26.4 million in line 16. This amount represents the cash over the lifetime of the lease that CSUF owes to the Foundation. The Foundation purchased College Park by borrowing (bonds), and this liability is part of the \$28.99 million in line 25.

Consider now a slightly more detailed review of the Bookstore and of Carl’s Junior. The Income Statements for these units are displayed in **Appendices 6** and **7**. Total revenue for the Bookstore is expected to be \$12.264 million (line 4) with total cost of goods sold (CGS) at \$8.844 million, yielding a gross margin of \$3.42 million. But the CGS does not include salaries, benefits and other expenses, so the net income is \$1.029 million. Note that this amount is operating income, and excludes administrative expenses incurred by the Foundation (i.e., the Bookstore’s “share” of the total administrative expenses). Titan Shops are allocated a total of \$479.153 of administrative costs (expenses) and the bookstore accounts for 86.29% of those, so the bookstore has an additional \$413,461 of expenses, leaving an adjusted net income of \$615,989 bookstore.

The ratio of net income to revenue for the bookstore is listed in line 17, at 5.0%. Is this good? There is no simple answer to this question. The comparable percent for Borders is about 3.4%, for Amazon about 8.5% and for Barnes and Noble about 2.5%. But net income for a

company like Borders is owned by the shareholders, so the more accurate comparison may be Net Income/Market Value of Equity, of about 7% (Amazon at 4.4% and Barnes and Noble at 5.1%). By most of these measures, it appears that the Bookstore is doing well in terms of producing profits (net income), with the repeated caution that caution should be used to compare the bookstore to publicly traded companies. Note that the profit margins for new texts is less than that for used texts (lines 18 and 19), but these high margins take account of only the cost of goods sold. After incorporating additional costs, the margins naturally decrease dramatically.

The income statement for Carl's Jr. appears in **Appendix 7**. If anything, it is obvious that Carl's does very well (though the administrative costs allocated to Carl's are not indicated in the Appendix). Keep getting your face messy! But how does one watch the waistline and cholesterol count at the same time?

An additional perspective about the major part of the Foundation's budget (all operations except sponsored research and grants) can be gained by considering the 7-year history of cash flows (not identical to net income, but mathematically derived from it), which appears in **Appendix 8**. The **net** cash flow for five out of seven of the years was positive, with the two negative years of cash flows occurring simply because the Foundation loaned over \$1 million in 2000-01 and 2002-03. These loans were for (to) the sports complex (presumably the baseball and softball stadiums) and University Gables (housing).⁵ Other loans more recently include those for the El Toro campus and for College Park. If the Foundation is repaid within the year that the loan is made, it does not show up as a net cash flow for that year (this is why only two of the years have high negative values for net cash from investments and financing).

⁵ The Sports Complex loan will be paid off in late 2005 or early 2006. The University Gables loan was a short-term loan that was repaid in a matter of months.

Finally, what happens to the positive amount of cash (net income) provided by the Foundation each year? For a publicly traded company, this net income would either be paid as dividends or reinvested in the company. If it is reinvested, the funds flow to the balance sheet as both increased equity and new assets. The Foundation “keeps” (reinvests) some of the net income from one year to the next – note that the assets in the balance sheet increased from 2003–04 to 2004–05.

However, while there appears to be no exact flow of funds from the Foundation to the University that accounts for 100% of the “excess,” the large majority of the net income apparently goes to the “University Needs Distribution.” This could then be considered a dividend, paid from the Foundation to the University. Some of this flow is dedicated, in the sense that it is allocated to the Office of Grants and Contracts (The University Needs – Research amount of \$75,000 in the next section; and should actually be subtracted from the \$325,000 below). The budget for these funds appears in **Appendix 9**.

As clearly indicated in **Appendix 9**, funding for faculty grants has increased from \$75,000 to \$135,000 from last year to the current year, with an additional amount added for Faculty Travel for the current year. It appears that the other budgets have increased dramatically as well, but the note to the table clarifies this increase as a carry-forward balance. Subtracting that amount (\$286,741) from the total of \$611,741 leaves \$325,000, the same amount as the total budget for 2003–04. Perhaps another way of interpreting this is that the other accounts do not have their balances carried forward; but the President’s office accounts does. The CSUFF Board reviews and approves these budget amounts. Finally, note that the \$325,000 allocated to the University Needs Distribution is less than the \$386,266 of net income from the Foundation 2004–05 budget.

Sponsored Programs/Grants and Contracts

The grand total Foundation budget for 2004–05 is **\$39,056,235**, but so far we have considered only revenues (income) and expenses for the areas outside of the **Sponsored Programs/Grants and Contracts (SP/GC)**. This latter “unit” contributes a total of over \$13 million to that \$39 million budget. But **SP/GC** is a different type of entity – the large majority of its “revenue” is from external sources, from Grants and funded research projects operated by faculty and other groups on campus. External funding “counts” as revenue or income for the Foundation, but only in the sense that the Foundation administers these funds for the groups which obtain the funding. But administering these funds costs money – and the smaller the cost, the better for the groups funded.

Appendix 10 provides some of the relevant details over a 17–year history of the “revenue” and expenses for **SP/GC**. The chart indicates that grants received (labeled Direct Costs) from 1987 to 2004 grew from \$1.78 million in 1987–88 to over \$12.1 million, a very dramatic annualized increase of 13.5%/year. The chart indicates this cash–flow as direct **costs**, simply because Grants and Contracts pays out this cash to the groups (faculty, etc.) which obtained the funding after receiving the funding as an intermediary.

The column labeled ‘Indirect Costs **Recovery**’ includes the costs of administrating **SP/GC** – but are actually **revenues** for **GC** (because **GC** collects this cash from the agencies which fund the grants, hence the “recovery”). This amount has grown from \$0.251 million in 1987–88 to \$1.221 million during 2003–04.

From the *grant–holder’s perspective*, only the indirect costs are the “real” costs. For example, if a faculty member receives a \$1M grant from the federal government, administering that grant (by **GC**) will cost money. These mostly administrative costs could also be labeled

overhead. The indirect costs listed in **Appendix 10** show the total amount of those costs. In the most recent year listed, the ratio of indirect costs to direct costs was $\$1.221/\$12.1 = 10.1\%$. This means that 10% of the grant funds are spent on administering the grants.⁶ This ratio has been between 8.9% in 1997-98 and 16.1% in 1991-92. Obviously, it is fair to suggest that the office of GC is doing a good/better job when this ratio is lower, other things equal. The ratio has been below 11.1% since 1996. Only a comparison with other universities' ratios would provide a better perspective on how efficiently grants are administered at CSUF.

The administrative fees (Indirect Costs Recovery) collected by GC from the groups obtaining the grants are allocated (given) to five different "units:"

1. Campus – Deans, Chairs, Unit
2. Pre–Awards Expenses (salaries and benefits of the office along with other operating costs)
3. Post–Awards Direct Support (administrative support to projects)
4. Post–Awards Indirect Support (payments to University Human Resources, Payroll, Accounting, space, etc.)
5. University Needs – Research (President's fund for General, Jr./Sr. research and incentive grants).

Since this cash flows **from** GC to other campus entities, it counts as the major expense for SP/GC – and is labeled **Total Expenses** in **Appendix 10**, the columns in red. Since this amount is greater than the costs recovered for most years, the office of Grants and Contracts typically runs in the red (negative net income), and is thus supported by the Foundation. A five–year history of the details for these costs is provided in the continuation of **Appendix 10**.

Finally, note that while SP/GC typically has a negative net income, cash for the research grants for faculty on campus (General, Jr./Sr. grants, etc.) come from this office. This amount has

⁶ But it is an average amount and does not equal the actual cost. Some grants have much higher costs and others have lower, and the actual details are negotiated with the granting agency, the grant–holder and the Foundation. Note also that the administrative costs may be regulated by the granting agency (whether government or private); and that *matching is not included* (matching would typically be covered by Colleges).

been \$75,000 since 1995–96, as shown below, and thus accounts for the large majority of the negative net income during the past several years. Indeed, during 1999–00 and 2003–04 the

Year	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
University Needs – Research	-\$75,000	-\$75,000	-\$75,000	-\$75,000	-\$75,000	-\$75,000
Net Income/Loss	-\$154,000	-\$31,000	-\$137,000	-\$165,000	-\$228,000	-\$15,000

net income of SP/GC would have been positive, except for the support of these grants.

Though the process of producing this report, a few suggestions have come forward that might help to smooth out some of the surrounding issues. Two of those would be:

1. Have the Foundation/Grants and Contracts sponsor an information type session regularly for all interested faculty. Initial discussions with the Foundation indicate that a program like this is likely to occur during the Fall of 2005,
2. Have PRBC (or the Foundation) distribute a survey about their experience with grants at CSUF.

Finally, the information provided herein is intended in part to generate additional discussions and questions so that we may work towards arriving at more productive working relationships. The information and the interpretation of that information (herein) cannot be nor is intended to be comprehensive or complete. Should people have questions, please feel free to contact any member of the PRBC (see the last page).

The PRBC thanks Sherri Newcomb, along with Bill Dickerson, Naomi Goodwin and Pearl Cheng for providing the relevant data and for assisting us in understanding the rather complex budgets.

APPENDIX 1 (Fiscal Year)
CSUF FOUNDATION 2004/05 INCOME STATEMENT PROJECTIONS
Total Revenue/Income = \$25,876,758

Row #		YTD ACTUAL THRU APR 04	BUDGET FY 2003/04	BUDGET FY 2004/05
1	REVENUE FROM OPERATIONS	\$18,471,144	\$20,633,607	\$20,810,759
2	COST OF GOOD SOLD	\$10,343,624	\$11,433,599	\$11,073,800
3	GROSS MARGIN (1-2)	\$8,127,520	\$9,200,008	\$9,736,959
4	PAYROLL EXPENSE			
5	HOURLY NON-BENEFITED	\$1,295,512	\$1,384,259	\$1,450,813
6	SALARY EMPLOYEES	\$2,284,290	\$2,715,374	\$2,664,282
7	HOURLY BENEFITED	\$359,550	\$499,260	\$549,811
8	BENEFITS & TAXES	\$883,054	\$1,135,686	\$1,188,910
9	TOTAL PAYROLL (5+6+7+8)	\$4,822,406	\$5,734,579	\$5,853,817
10	GROSS PROFIT (3-9)	\$3,305,114	\$3,465,429	\$3,883,142
11	TOTAL NON-PAYROLL EXPENSE	\$6,435,632	\$7,639,615	\$8,180,905
12	TOTAL EXPENSE (9+11)	\$11,258,038	\$13,374,194	\$14,034,722
13	TOTAL COMMISSION INCOME	\$327,556	\$477,945	\$496,220
14	TOTAL OTHER INCOME	\$3,885,359	\$4,450,672	\$4,569,778
15	Total Revenue and Income (1+13+14)			\$25,876,758
16	Total CGS + Expenses (2+12)			\$25,108,522
17	NET INCOME/(LOSS)	\$1,082,397	\$754,431	\$768,236
18	OBLIGATION TO PROJECT REVENUE	\$557,836	\$351,771	\$381,970
19	NET INCOME/(LOSS)	\$524,561	\$402,660	\$386,266

APPENDIX 2 (Fiscal Year)
CSUF FOUNDATION 2004/05 TOTAL REVENUE PROJECTIONS
Total Revenue = \$20,810,759; not including "Other" Income

TOTAL REVENUE	REVENUE SOURCE
\$6,061,497	TEXT SALES NEW
\$2,539,370	USED TEXT SALES
\$1,002,675	CARL'S JR. SALES
\$867,036	CLOTHING SALES
\$819,583	TECH CENTER
\$688,500	CATERING SALES
\$653,521	FOOD SALES BOOKSTORE
\$635,000	IDC FEDERAL
\$558,156	RENTAL INCOME
\$438,634	SUPPLY SALES
\$433,325	TOGO'S SALES
\$429,362	CUSTOM PUBLISHING SALES
\$410,050	NUTWOOD CAFÉ SALES
\$402,977	GRADUATION CENTER SALES
\$400,175	LANGSDORF HALL SALES
\$393,097	COMPUTER SALES
\$348,000	IDC STATE
\$324,020	ADMIN SERVICE FEE
\$302,500	CONCESSIONS SALES
\$300,050	BUSY BEE/PICK UP STIX SALES
\$262,850	ROUND TABLE SALES
\$254,600	INTEREST INCOME
\$242,260	SNACK & BEVERAGE SALES
\$222,730	GREEN BURRITO SALES
\$221,750	BAKERY SALES
\$202,064	GIFT SALES
\$151,725	TITAN GRILL SALES
\$127,072	GENERAL BOOK SALES
\$112,400	EL TORO CAFE SALES
\$104,575	TITAN COFFEE SALES

APPENDIX 3 (Fiscal Year)
CSUF FOUNDATION 2004/05 TOTAL NON-PAYROLL EXPENSE PROJECTIONS
Total Non-Payroll Expenses: \$8,180,905

NON-PAYROLL EXPENSE ACCOUNT	AMOUNT
DEBT SERVICE EXPENSE	\$2,065,814
RENT	\$722,916
DEPRECIATION	\$694,894
ELECTRICITY	\$436,800
UTILITIES	\$316,172
IDC REALLOCATION	\$230,200
JANITORIAL-CONTRACT	\$225,036
CREDIT CARD & TITAN CARD FEES	\$196,976
PAPER & PLASTIC SUPPLIES	\$187,263
MAINTENANCE CONTRACTS	\$173,017
PROPERTY MGMT FEES	\$128,000
EARTHQUAKE & FLOOD INSURANCE	\$119,772
CUSTODIAL SERVICES	\$108,830
ROYALTY	\$105,556
MERCHANT SUPPLIES	\$103,317
PROPERTY TAX EXPENSE	\$101,190

APPENDIX 4 (as of June 30)				
CSUF FOUNDATION 2004/05 FISCAL YEAR BUDGET: INCOME SUMMARY				
	YTD	ACTUAL	PROJECTED	BUDGET
	THRU APR 04	FY 03/04	FY 03/04	FY 04/05
ADMINISTRATIVE (Costs)				
EXECUTIVE DIRECTOR	\$ (317,635)	\$ (321,252)	\$ (348,700)	\$ (337,274)
DIRECTOR OF FINANCE	\$ (57,705)	\$ 33,604	\$ (49,881)	\$ 40,114
BUSINESS SERVICES	\$ (241,936)	\$ (291,695)	\$ (288,748)	\$ (247,985)
ACCOUNTING	\$ (281,715)	\$ (339,051)	\$ (334,743)	\$ (340,432)
HUMAN RESOURCES	\$ (116,688)	\$ (193,874)	\$ (200,234)	\$ (198,141)
PAYROLL	\$ (87,012)	\$ (114,757)	\$ (103,914)	\$ (105,291)
INFORMATION SYSTEMS	\$ (387,371)	\$ (475,944)	\$ (446,964)	\$ (447,014)
CAMPUS SERVICES	\$ 169,841	\$ 136,008	\$ 181,626	\$ 154,414
TTL ADMINISTRATIVE	\$ (1,320,221)	\$(1,566,961)	\$(1,591,558)	\$(1,481,611)
SPONSORED PROGRAMS (Net Inc)	\$ 245,472	\$ 147,424	\$ 241,135	\$ 160,339
COMMERCIAL (Net Income)				
FOOD & VENDING				
FOOD COURT	\$ 7,410	\$ 69,602	\$ 1,862	\$ 20,893
CATERING	\$ (19,981)	\$ 19,817	\$ (716)	\$ 3,741
CONCESSIONS	\$ 11,322	\$ 12,670	\$ 39,791	\$ 49,355
CARTS	\$ 63,320	\$ 75,046	\$ 73,256	\$ 74,822
LANGSDORF HALL	\$ 18,765	\$ 20,400	\$ 20,471	\$ 24,935
TITAN COFFEE	\$ 23,774	\$ 22,992	\$ 27,543	\$ 28,323
CARL'S JR.	\$ 148,354	\$ 138,548	\$ 168,723	\$ 154,606
NUTWOOD CAFÉ	\$ (37,182)	\$ 18,432	\$ (35,665)	\$ (4,235)
RESIDENCE HALL	\$ (16,998)	\$ 4,916	\$ (15,990)	\$ (11,648)
EL TORO	\$ (52,686)	\$ 306	\$ (59,531)	\$ (32,373)
VENDING	\$ 157,387	\$ 188,543	\$ 188,858	\$ 181,414
LAUNDRY/PAYPHONE	\$ 18,275	\$ 21,984	\$ 21,940	\$ 21,984
TOTAL FOOD & VENDING	\$ 321,760	\$ 593,256	\$ 430,540	\$ 511,818
TITAN SHOPS				
BOOKSTORE DEPARTMENTS	\$ 1,120,911	\$ 1,120,204	\$ 1,131,462	\$ 1,029,450
EL TORO	\$ 98,839	\$ 38,191	\$ 95,757	\$ 93,700
BRIEF STOP	\$ 32,275	\$ 38,611	\$ 37,599	\$ 37,776
EMPORI-YUM	\$ 30,071	\$ 22,990	\$ 32,933	\$ 31,975
TOTAL TITAN SHOPS	\$ 1,282,096	\$ 1,219,996	\$ 1,297,751	\$ 1,192,900
OTHER OPERATIONS				
BUILDING T-14	\$ 16,408	\$ 30,426	\$ 21,516	\$ 23,453
TUCKER WILDLIFE	\$ (20,954)	\$ (21,481)	\$ (22,446)	\$ (20,634)
COLLEGE PARK BUILDING	\$ 557,836	\$ 351,771	\$ 642,266	\$ 381,970
COLLEGE PARK OBLIGATION	\$ (557,836)	\$ (351,771)	\$ (642,266)	\$ (381,970)
TOTAL OTHER OPERATIONS	\$ (4,546)	\$ 8,945	\$ (930)	\$ 2,819
TOTAL COMMERCIAL NET INCOME	\$ 1,599,310	\$ 1,822,197	\$ 1,727,362	\$ 1,707,537
TOTAL NET INCOME	\$ 524,561	\$ 402,660	\$ 376,938	\$ 386,266

Total Net Income = Total Administrative Costs + Sponsored Programs Income + Total Commercial Income. Values highlighted in the right-hand column correspond to highlighted cells in later appendices.

APPENDIX 5 (as of June 30)			
CSUF FOUNDATION 2004/05 FISCAL YEAR BUDGET: BALANCE SHEET SUMMARY			
Assets		2004	2003
Row #	Current Assets		
1	Cash and Equivalents	\$12,253,898	\$9,955,052
2	Accounts Receivable, Net	\$3,027,860	\$2,281,585
3	Investments	\$3,785,998	\$3,131,007
4	Inventories	\$2,739,732	\$2,472,461
5	Other Current Assets	\$14,212	\$1,095,705
Total Current Assets (1+2+3+4+5)		\$21,821,700	\$18,935,810
7	Property, Plant, and Equipment:		
8	Land, Building and Equipment	\$5,334,174	\$5,152,973
9	Leasehold Improvements	\$5,296,091	\$5,181,986
10	Accum Depreciation & Amortization (Less)	-\$8,141,215	-\$7,470,582
11	Total Prop, Plant & Equipment, Net (8+9+10)	\$2,489,050	\$2,864,377
12	Other Assets		
13	Restricted Cash	\$3,322,486	\$4,339,029
14	Due From University	\$1,259,291	\$160,018
15	LT Investments, Annuity and Notes Receivable	\$1,065,990	\$1,372,598
16	Capital Lease Receivable (College Park)	\$26,352,150	\$26,352,152
17	Total Other Assets (13+14+15+16)	\$31,999,917	\$32,223,797
18	Total Assets (6+11+17)	\$56,310,667	\$54,023,984
Liabilities and Net Assets			
Current liabilities			
19	Accounts payable	\$1,083,882	\$1,406,303
20	Accruals	\$4,022,783	\$3,186,797
21	Receipts in Excess of ESP	\$1,875,263	\$1,631,696
22	Deposits/Amounts Held for Others	\$7,077,648	\$6,869,453
23	Current Portion of LBA	\$30,933	\$221,516
24	Total current liabilities (19+20+21+22+23)	\$14,090,509	\$13,315,765
25	Total Noncurrent Portion of LBA	\$28,998,041	\$28,993,421
26	Total liabilities (24+25)	\$43,088,550	\$42,309,186
27	Net assets		
28	Unrestricted, Designated	\$9,573,424	\$8,787,021
29	Unrestricted, Undesignated	\$3,592,992	\$2,867,406
30	Total Unrestricted Net Assets (28+29)	\$13,166,416	\$11,654,427
31	Temporarily Restricted – Interest for Foundation	\$55,701	\$60,371
32	Total net assets (30+31)	\$13,222,117	\$11,714,798
33	Total liabilities and net assets (24+25+32) = 18	\$56,310,667	\$54,023,984

Notes: LBA = Leases, Bonds and Annuities

ESP = Expenditures on Sponsored Programs

APPENDIX 6 (as of June 30)
CSUF FOUNDATION 2004/05 FISCAL YEAR BUDGET: BOOKSTORE INCOME

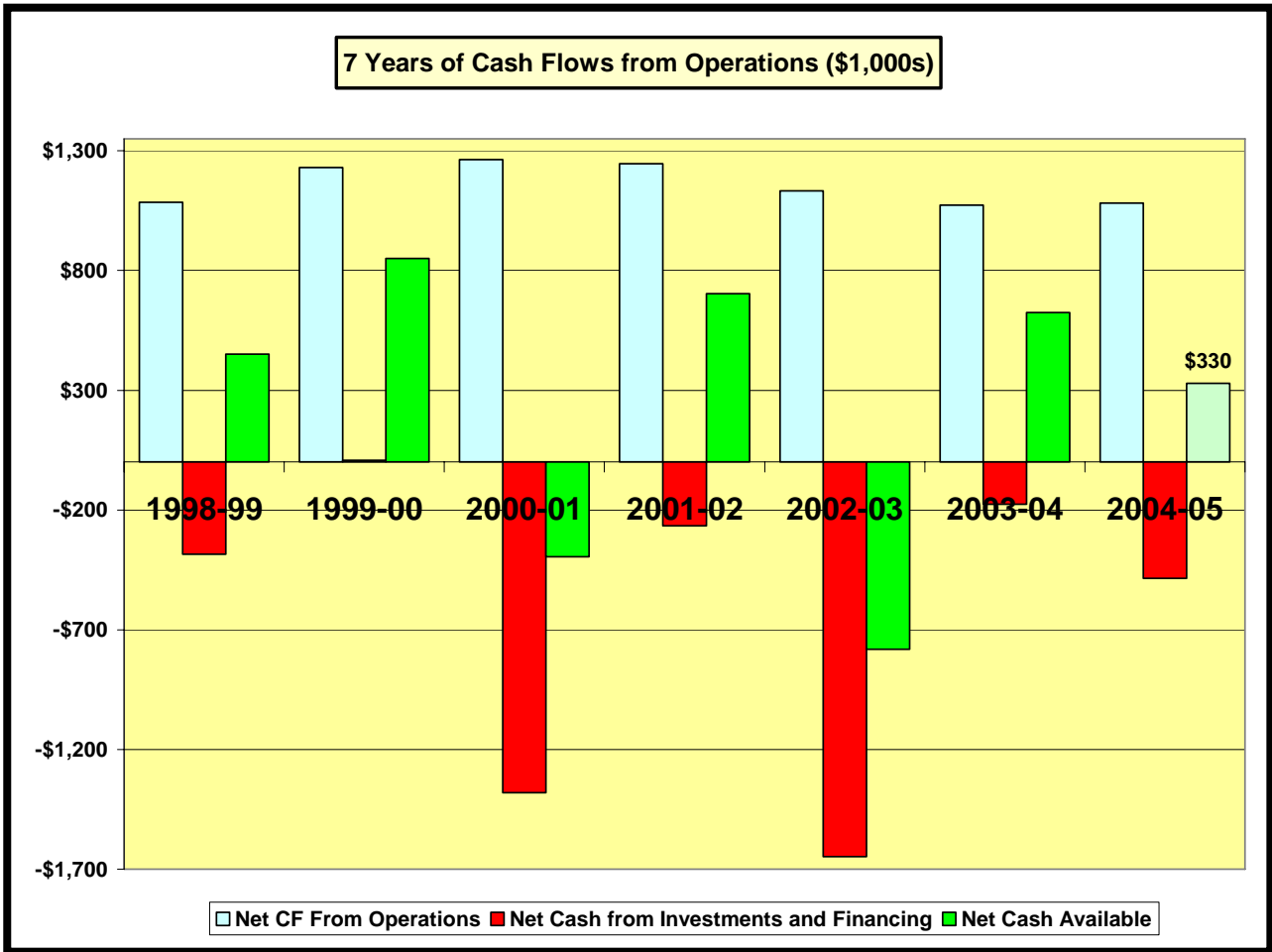
BOOKSTORE: 2004/05 FISCAL YEAR BUDGET				
ROW #	REVENUE	YTD ACTUAL THRU APR	BUDGET	BUDGET
		04	FY 2003/04	FY 2004/05
1	TEXT SALES NEW	\$5,324,128	\$5,840,480	\$5,779,205
2	USED TEXT SALES	\$2,123,330	\$2,586,682	\$2,396,943
3	TOTAL OTHER REVENUE	\$4,146,429	\$4,295,442	\$4,088,274
4	TOTAL REVENUE (1+2+3)	\$11,593,887	\$12,722,604	\$12,264,423
5	TEXT NEW COGS	\$4,074,934	\$4,500,506	\$4,471,512
6	USED TEXT COGS	\$1,314,254	\$1,685,331	\$1,528,811
7	TOTAL OTHER CGS	\$3,106,965	\$3,048,933	\$2,844,310
8	TOTAL COST OF GOODS SOLD (5+6+7)	\$8,496,153	\$9,234,770	\$8,844,634
9	GROSS MARGIN (4-8)	\$3,097,734	\$3,487,834	\$3,419,789
10	TOTAL PAYROLL EXPENSE	\$1,230,299	\$1,463,319	\$1,577,796
11	GROSS PROFIT (9-10)	\$1,867,435	\$2,024,515	\$1,841,992
12	TOTAL NON-PAYROLL EXPENSE	\$995,221	\$1,267,992	\$1,208,001
13	TOTAL EXPENSE (10+12)	\$2,225,520	\$2,731,311	\$2,785,798
14	TOTAL COMMISSION INCOME	\$75,900	\$186,243	\$201,464
15	TOTAL OTHER INCOME	\$172,797	\$177,438	\$193,995
16	NET INCOME/(LOSS) (9-13+14+15)	\$1,120,911	\$1,120,204	\$1,029,450
16a	LESS ADMINISTRATIVE COSTS			\$413,461
16b	ADJUSTED NET INCOME			\$615,989
17	NET INCOME/REVENUE (16b ÷ 4)	*9.7%	*8.8%	5.0%
18	NEW TEXT MARGIN [(1-5) ÷ 1]	23.5%	22.9%	22.6%
19	USED TEXT MARGIN [(2-6) ÷ 2]	38.1%	34.8%	36.2%
NOTES: New and Used Text Margins exclude Payroll and Non-Payroll Expenses ** these two values = 16 ÷ 4.				

**APPENDIX 7 (as of June 30)
CSUF FOUNDATION 2004/05 FISCAL YEAR BUDGET: CARL'S JUNIOR'S INCOME**

CARL'S JR. 2004/05 FISCAL YEAR BUDGET				
Row #		YTD ACTUAL THRU APR 04	BUDGET FY 2003/04	BUDGET FY 2004/05
1	SALES REVENUE	\$848,882	\$970,369	\$1,002,675
2	SALES DISCOUNTS	-\$7,783	-\$8,735	-\$8,812
3	TOTAL REVENUE (1+ 2)	\$841,099	\$961,634	\$993,863
4	COST OF GOODS SOLD	\$229,205	\$252,296	\$280,749
5	GROSS MARGIN (3-4)	\$611,894	\$709,338	\$713,114
6	TOTAL PAYROLL EXPENSE	\$319,780	\$403,602	\$384,729
7	GROSS PROFIT (5-6)	\$292,114	\$305,736	\$328,385
8	TOTAL NON-PAYROLL EXPENSE	\$157,604	\$181,366	\$189,305
9	TOTAL EXPENSE (6+ 8)	\$477,384	\$584,968	\$574,034
10	TOTAL OTHER INCOME	\$13,844	\$14,178	\$15,526
11	NET INCOME/(LOSS) (5 - 9 + 10)	\$148,354	\$138,548	\$154,606
12	NI / SALES REVENUE (11÷ 1)	17.5%	14.3%	15.4%

The net income on line 11 has not been adjusted for the administrative costs allocated to Carl's (as is done for the Bookstore in Appendix 8); i.e., the "real" net income would be less.

APPENDIX 8 (as of June 30)
CSUF FOUNDATION 2004/05 FISCAL YEAR BUDGET: HISTORICAL CASH FLOWS



Note:

- Figures for 2003-05 are projected.
- Typically, Cash Flows do not equal Net Income. But the accounting for non-profit organizations indicates that this they are approximately equal (with some adjustments). As a result the Total Net Income in **Appendix 1** of \$386,266 is approximately equal to the Net Cash Available for 2004 – 05 above (\$330,000) plus the Transfer to the Reserve-Sponsored Program of \$57,550.

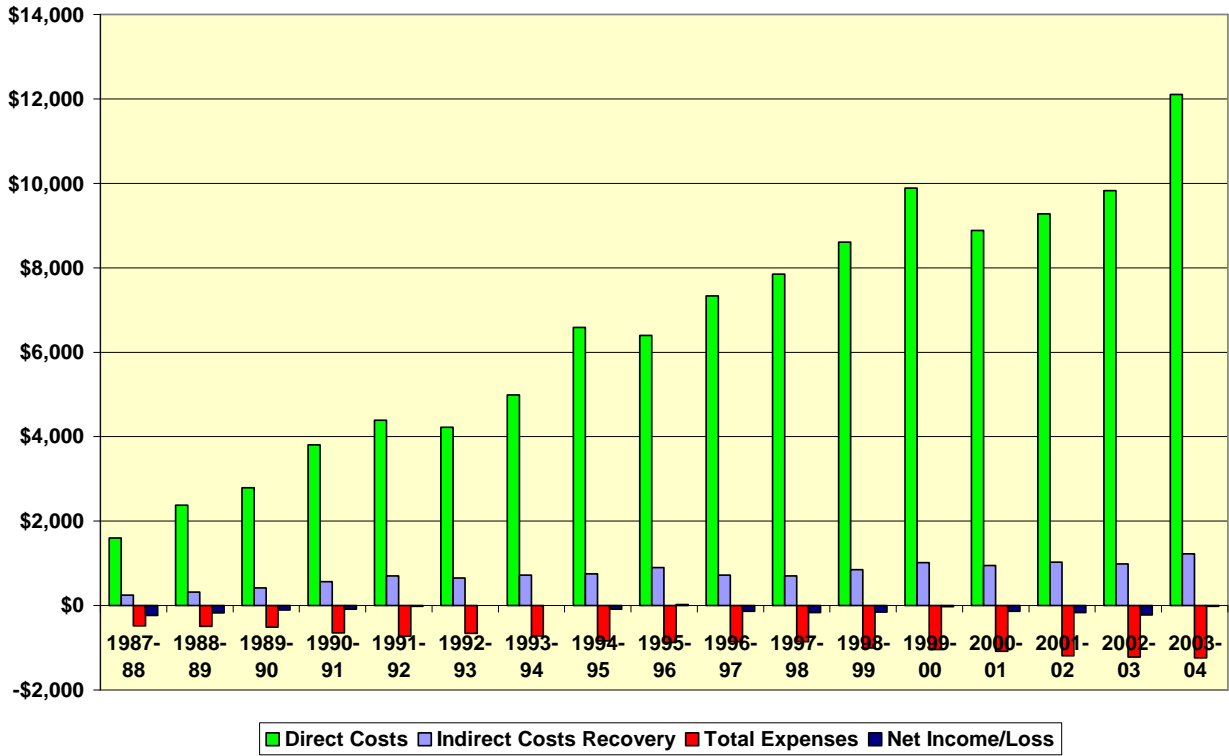
APPENDIX 9
CSUF FOUNDATION 2004/05: UNIVERSITY NEEDS DISTRIBUTION BUDGET

University Needs Distribution	2003-04	2004-05
Faculty Travel		\$25,000
General	\$30,000	\$35,000
Jr./Sr. Grants	\$45,000	\$100,000
Presidential Scholars	\$25,000	\$30,000
Total	\$100,000	\$190,000
Community Outreach	\$67,250	\$78,750
President's Office	\$68,642	\$76,804
President's Contingency Reserve	\$49,108	\$216,187
Special Project - President	\$40,000	\$50,000
Total	\$225,000	\$421,741
Grand Total	\$325,000	\$611,741

Note: The Contingency Reserve increase for 2004-05 includes a carryforward (unused/unspent) balance of \$286,741 as of 6/30/04.

APPENDIX 10
CSUF FOUNDATION 2004/05: GRANTS AND CONTRACTS

Grants and Contracts Administration
17-Year Indirect/Direct Costs Analysis (\$1,000s)



APPENDIX 10, continued
CSUF FOUNDATION 2004/05: GRANTS AND CONTRACTS

IDC (Indirect/Direct Cost Analysis) for Grants and Contracts

	Year	1999-00	2000-01	2001-02	2002-03	2003-04
A	Indirect Costs Recovery	\$1,017,000	\$946,000	\$1,028,000	\$989,000	\$1,221,000
B	Direct Costs	\$9,891,000	\$8,883,000	\$9,282,000	\$9,833,000	\$12,104,000
C	Indirect/Direct	10.3%	10.6%	11.1%	10.1%	10.1%
D	Campus: Dean, Chair, Unit	-\$189,000	-\$269,000	-\$310,000	-\$293,000	-\$307,000
E	Pre-Awards Expenses	-\$195,000	-\$219,000	-\$217,000	-\$212,000	-\$141,000
F	Post-Awards Direct Support	-\$359,000	-\$366,000	-\$419,000	-\$391,000	-\$424,000
G	Post-Awards Indirect Support	-\$230,000	-\$154,000	-\$172,000	-\$246,000	-\$289,000
H	University Needs - Research	-\$75,000	-\$75,000	-\$75,000	-\$75,000	-\$75,000
	Total Expenses	<u>-\$1,048,000</u>	<u>-\$1,083,000</u>	<u>-\$1,193,000</u>	<u>-\$1,217,000</u>	<u>-\$1,236,000</u>
	Net Income/Loss	-\$31,000	-\$137,000	-\$165,000	-\$228,000	-\$15,000

Total Expenses = Row A plus the sum of Rows D to H

- A Indirect costs represent a part of the total cost of conducting sponsored research at CSUF. They are not easily matched to projects and are charged to projects on a proportional basis.
- B Funds are used for direct project costs and received from external fund sources
- C Effective Rate = the % of the indirect costs of direct costs
- D Portion of IDC return to the college ... Department Cost Match, Audit Disallowances.
- E Office of Grants and Contracts operating costs: salaries of 3 FTEs and other operating costs
- F The Foundation direct post awards administrative supports to each of the projects
- G Indirect support to Grants and Contracts/Human Resources, Payroll, Acct, IT space, insurance ...
- H University President's Designated fund to provide General, Jr./Sr. research and incentive grants.

PRBC Members, Spring 2005

Judith Anderson, Exec. VP
Carol Bednar, Library
Amir Dabirian, CI/TO
Kathy Dickson, Biological Science
Carmen Dunlap, Assoc Dean-COE EDUC
David Falconer, Computer Science
Reyes Fidalgo, Modern Lang & Lit
Phillip Gianos, Poli Sci/Crim. Justice
Milton Gordon, President
Diana Guerin, Child & Adoles Studies
Willie Hagan, VP-Admin
Susan Hallman, Theatre & Dance
Pamela Hillman, VP-UA
Lea Jarnagin, Office-Dean of Students
Samanaz Kapadia, Student
Kathy Koser, KHS HDCS
Ross McCollum, ASI VP Finance
Sherri Newcomb, CFO
Ginny Pace, Dean's Office-CBE
Robert Palmer, VP Student Affairs
Ephraim Smith, VP Academic Affairs
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James Woodward, Chair, History