



Dr. Sharon Whitehurst-Payne, Chair
Cal State San Marcos

Dr. Matthew J. Ceppi
President's Designee
Cal State San Marcos

Mr. David Chang
Community Member
Hampton Inn San Diego/
San Marcos

Mr. Tres Conrique
Community Member
Rancho Santa Fe Technology

Dr. Chuck De Leone
Faculty Member
Cal State San Marcos

Dr. Linda L. Hawk
Designated Member
Cal State San Marcos

Mr. Brandon Losey
Alumni Member
Dowling & Yahnke Wealth
Management

Mr. Dimitris Magemeneas
Community Member
Edward Jones

Ms. DawnMarie Myers
Student Member
Cal State San Marcos

Dr. Graham Oberem
Designated Member
Cal State San Marcos

Dr. Ernest E. Zomalt, Vice Chair
Community Member

Regular Meeting of the Board of Directors
Thursday, February 26, 2015 - 4:00 p.m. – 5:30 p.m.
Center for Children and Families Classroom

AGENDA

- I. **Special Presentation by Follett Higher Education Group (4:00 – 4:30 p.m.)**
- II. **Convening of the Regular Board Meeting (*Whitehurst-Payne*)**
 - A. Consideration of Minutes November 13, 2014 Regular Meeting (**Attachment A**)
- III. **Committee Reports and University Updates**
 - A. Finance & Operations Committee (*Whitehurst-Payne*)
 - B. Joint Audit Committee (*Chang*)
 - C. Sponsored Projects (*Oberem/Meeks*)
 - D. Administration Report (*Newberg*)
 - E. University Update (*Hawk*)
- IV. **Consent Agenda**
 - A. Summary & Quarterly Financial Reports 9/30/14 & 12/31/14 (*Roberts*) (**Attachment B**)
 - B. Revision to 2014/2015 Budget (*Svatora*) (**Attachment C**)
 - C. Revision to Delegation of Authority Policy (*Svatora*) (**Attachment D**)
 - D. Selection of Auxiliary Audit Firm (*Chang*) (**Attachment E**)
- V. **Action Items**
 - A. Proposed FY 15/16 Meeting Calendar (*Newberg*) (**Attachment F**)
- VI. **Closed Session**
- VII. **Adjournment of Regular Meeting**

Next Meeting: May 28, 2015, 4:00 p.m., Center for Children & Families Classroom

ATTACHMENT A

Minutes of November 13, 2014 Regular Meeting



**Minutes of the Regular Meeting of the Board of Directors
November 13, 2014**

Center for Children and Families Classroom

Attendees:

Members: Matthew J. Ceppi, Tres Conrique, Chuck De Leone, Linda Hawk, Brandon Losey, Dimitris Magemeneas, DawnMarie Myers, Sharon Whitehurst-Payne (Chair), Ernest Zomalt (Vice Chair)

Absent: David Chang, Graham Oberem

Staff: Bella Newberg, Greg Svatora, Michelle Hinojosa, Michelle Meeks, Clint Roberts, Theresa Ruffolo, Tipper Phillips

Guests: Katy Rees, Associate Vice President of Administration, Finance and Administrative Svcs.

Convening of the Regular Meeting

A quorum being present, Chair Whitehurst-Payne called the meeting to order at 4:07 p.m.

Minutes of the September 4, 2014 Annual Meeting

A motion was made and seconded (Conrique/Losey) to approve the September 4, 2014 Annual meeting minutes. Motion carried.

Minutes of the September 4, 2014 Regular Meeting

A motion was made and seconded (Conrique/Hawk) to approve the September 4, 2014 Regular meeting minutes. Motion carried.

Closed Session

Whitehurst-Payne announced that a Closed Session will take place at the end of the agenda to discuss a personnel matter.

Consent Agenda

Whitehurst-Payne explained that a Consent Agenda was included as Item IV in the meeting Agenda. She explained the purpose of the Consent Agenda is to save time to focus on other items. Agenda Item IV listed the items that will be voted on as a group later in the meeting. Whitehurst-Payne explained that any Consent Agenda item(s) could be pulled and added to the regular agenda.

Special Guest Presentation

Newberg introduced special guest speaker Katy Rees, Associate Vice President of Administration, Finance and Administrative Services who facilitated a discussion

regarding the UARSC name change.

Committee Reports

Finance and Operations Committee

Whitehurst-Payne reported. The Finance & Operations Committee met on November 4, 2014 and received updates on administration and financial audits. The Committee also reviewed several items which will be considered for action later in the meeting.

Joint Audit Committee

Losey reported. The Joint Audit Committee of the three CSUSM auxiliaries (UARSC, Foundation, and ASI) met on September 24, 2014. Jim Burke, Assurance Director and Justin Kay, Assurance Manager, came in person to present to the Committee. In addition to the Committee, staff representatives from each auxiliary were present. Jim Burke provided an overview of the audit process and the processes set in place to ensure independence of team members, as well as presented the results of each auxiliary audit. The Committee took action to accept and move forward to their respective Boards, the Financial Audit Reports for the three auxiliaries and the A-133 Compliance Report (grants and contracts) for UARSC. Overall, UARSC received a clean opinion. For the UARSC Financial Statement audit there were no Significant Deficiencies, Material Weaknesses, or Compliance Findings reported. For the UARSC A-133 Federal Awards audit, there were no Significant Deficiencies or Material Weaknesses reported. There was 1 Compliance Finding related to the timely submission of grant progress reports to the granting agencies. The audit team identified uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. McGladrey agrees with management's conclusion and they are summarized in the management representation letter provided in the packet. In a separate report to management, the auditors did disclose 4 items of control deficiencies that related to 1) a duplicate payroll expense entry, 2) the classification of deferred revenue between current and non-current, 3) capitalization of certain grant equipment items, and 4) recording some prior-year expenses in the current year. There were no disagreements with management about matters that, individually or in the aggregate, could be significant to the Organization's basic financial statements or the auditor's report. There have not been any discussions or correspondence from McGladrey with management that should be brought to the Board's attention other than those stated in the management letter. No significant difficulties encountered were reported in performing the audit. A motion carried to move forward to the UARSC Board and recommend for acceptance, the Financial Audit Report and A-133 Compliance Report, 6/30/14. This will come as an action item later in the meeting. Staff was excused at the end of the presentation by McGladrey to speak with the auditors separately.

Administration and University Updates

Sponsored Projects – Pre Award Transition Update

Meeks reported that a total of 23 awards were processed during the July – September, 2014 period – 15 continuation awards and 8 new awards. Target goals will be

established and success rates will be factored into future reports. Successful post-award starts with pre-award, so looking at ways to increase pre-awards. Jan's move to campus provides a central location for faculty to access support. Terri Woods was recently hired to provide support to pre-awards office. OSGR will hire a full time grants writer in 2015 to increase quality of proposals.

Administration Update

Newberg congratulated DawnMarie for being named ASI Student of the Month. The Pre-award transition to state-side is moving forward. Pre-award staff have moved from UARSC to the Office Graduate Studies and Research. Graduate Studies is also in the process of hiring an administrative staff and a Grant Writer as they develop the Pre-award function. Post Award is working closely with Pre-award to evaluate and revise business processes, document procedures and ensure compliance with regulatory requirements. Follett's architect has completed the schematic design and will be holding weekly project meetings to ensure we stay on schedule for a Fall, 2015 opening. The project completion date for the Starbuck's Renovation has been extended to May 2015. A Request for Qualification was issued and we are scheduled to release the bid in January. SODEXO continues to make progress on expanding and improving their leadership team. They just hired a very experienced catering coordinator who is working with the General Manager to improve and enhance catering services. We have an opportunity to increase catering sales with some changes that will be happening with University Conference Services. Meetings with partners are on-going to integrate them into our campus community and with each other. Contracts are being reviewed and will be amended as required. Many partners are now providing monthly reports.

UARSC Audits Update

Svatora reported that UARSC financial audit and federal grants (A-133) audit ended up with clean, unqualified opinions as reported in the earlier Joint Audit Committee report. The significant components of the audits were also discussed during the JAC report. The reports were filed with the Chancellors Office by the 9/23/14 deadline. The reports will be an action item for the board to approve later in the agenda. Svatora mentioned that McGladrey has now completed 5 years of audit services for the auxiliaries and that the JAC will soon be issuing an RFP for audit services during the next 5 years.

University Update

Ceppi reported that the new Student Health & Counseling Services state-of-the-art building is opening ahead of schedule. Official opening will happen in January sometime. Nursing will also be moving from SMACC to campus in 2015. Mount San Jacinto College provides free leased space to Temecula Higher Education Center. We are in the process of negotiating an agreement to provide guaranteed admission for Mount San Jacinto College (MSJC) students to CSUSM at Temecula. The program sets a structured roadmap to four-year college success for MJSC students. The new multi-purpose on-campus Sports Center is scheduled to be completed in the fall of 2016. The Sports Center will serve as the new home for basketball and volleyball, as well as more

than 300 student-athletes. The new 25,000-square-foot-facility will feature seating for 1,400 spectators, a ticket office, concession stand, an expanded sports medicine training room, home and visiting team locker rooms, a student-athlete lounge, officials locker rooms, media office for press conferences, administrative offices for coaches, LED lighting and a CSUSM Athletics Hall of Fame. California State University San Marcos (CSUSM) has been named to *Military Times' Best for Vets Colleges 2015 list*. This distinction recognizes and rewards colleges across the nation that demonstrate a commitment to providing educational opportunities to America's veterans. CSUSM is ranked 20th, out of 100 four-year universities. It is the second-highest rated university in California. Recent Crime Alerts show that CSUSM is not immune from problems. CSUSM is committed to providing a campus environment that is safe and secure from violent acts through the implementation of preventive programs, administrative procedures, and facility safety controls. We offer Violence Prevention classes, RAD classes and require mandatory trainings for staff and faculty. As we empower students, alerts will climb and we will continue to build infrastructure and be in front of this serious situation. Diversity Awareness Month was celebrated at CSUSM in October with a multitude of events, lectures, and conversations. Of course, diversity should not be relegated to just one month out of the year. However, by focusing on diversity for a targeted period of time it allows us to refresh our commitment to our university values of diversity, educational equity, inclusiveness and social justice. Next week is Homecoming week and there is a list of events on our website, come cheer us on. The development across the street from campus is a mixed use, privately owned, hotel and apartment complex. It is not affiliated with campus however it will increase the number of beds we can offer for Summer Conferences. A pedestrian bridge will be added.

Consent Agenda

Whitehurst-Payne asked if anyone had any questions about the Consent Agenda process. There being none Whitehurst-Payne then asked if anyone wanted to move any items from the Consent Agenda to the Regular Agenda. There being none, a motion comes moved and seconded from the Finance and Operations Committee to approve Quarterly Financial Report & Summary 06/30/14 (Attachment C), Revision to Delegation of Authority Signature Page (Attachment D), Revision to Travel Policy (Attachment E), Revision to UARSC Post Retirement Health Plan Eligibility (Attachment F), and Revision to Employee Handbook – Employee Categories (Attachment G). *Motion carried.*

Action Items

Revision to 2014/2015 Budget

Svatora presented the Revised 2014/2015 UARSC Net Revenue and Operating Expense budget. He mentioned the revision is an update to the initial FY 14/15 budgets that were presented at the June 10, 2014 Board Meeting. There were some significant operational and audit-related changes that occurred during and just after the time the initial budgets were approved in June that necessitated the revision. The operational event was the departure of Sponsored Projects Director, Grant Hubbard, during the first week and June. The audit-related event was the requirement to accrue, as of 6/30/14,

the compensation payments made to former UARSC Executive Director, Dora Knoblock, who was receiving payments through September, 2014. The sudden departure of Hubbard created a need to reorganize the Sponsored Projects staff in order to keep the department running smoothly. This was accomplished by promoting Michelle Meeks as interim Sponsored Projects Manager to replace Hubbard and to add a Sponsored Projects Analyst to support Meeks. These changes in staff, and the requirement to accrue for payments made to Hubbard and Knoblock, caused net operating revenues in FY 13/14 to be (\$18,054) vs initially reported \$60,740. At the same time, UARSC revised its FY 14/15 administrative expense budget by no longer including the Knoblock compensation for that year, and to lower some of its administrative costs reimbursed to the campus. The resulting changes allowed FY 14/15 net operating revenues to increase to \$155k vs the \$54k that were initially reported. The only other significant change in the operating expense budget was the addition of \$25,000 to the legal budget for potential personnel issues. Svatora mentioned there were no changes to the various revenue categories of the FY 14/15 budget that were initially presented in June.

Whitehurst-Payne called for questions. *A motion comes moved and seconded from the Finance & Operations Committee to approve the Revised Budget for 2014/2015 as presented. Motion carried.*

Financial Audit Report & A-133 Compliance Report 06/30/14

Svatora reported that the Financial Audit Report and A-133 Compliance Report 06/30/14 as provided in the Board packet have been reviewed by the Joint Audit Committee of the CUSSM Auxiliaries as reported by Losey. He reported UARSC received a clean opinion and that Losey covered the significant review items of the audits during his JAC report. Svatora did mention that UARSC would no longer act as the banking agent for the Foundation effective 7/1/14 because the Foundation would be opening the own bank accounts to process their corporate transactions. As such, the approximately \$8 million in cash held by UARSC on behalf of the Foundation will be transferred to the Foundation on 7/1/14. That will cause UARSC total assets to drop from \$20 million to \$12 million. In addition, UARSC liabilities will also drop by a corresponding \$8 million amount from \$13 million to about \$5 million.

Svatora called for questions. *A motion comes moved and seconded from the Joint Audit Committee to accept the UARSC Financial Audit Report and A-133 Compliance Report 06/30/14 as presented. Motion carried.*

Closed Session

At 5:35 p.m., all UARSC staff members in attendance were excused by Chair Whitehurst-Payne. The Board Members moved to a Closed Session. The purpose of the closed session was to discuss a personnel matter.

Adjournment

The next Regular Board meeting is scheduled for February 26, 2015 at 4:00 p.m., Center for Children and Families.

The meeting adjourned by acclamation at 5:45 p.m.

*Respectfully submitted,
Theresa Ruffolo*

I, Bella Newberg, Secretary, hereby certify that the above Minutes were approved by the University Auxiliary and Research Services Corporation Board of Directors at a regular meeting held on February 26, 2015 at San Marcos, California.

Secretary

Date

ATTACHMENT B

Summary of 9/30/14 & 12/31/14 Financial Statements
Statement of Financial Position as of 12/31/14
Quarterly Financial Report 9/30/14
Quarterly Financial Report 12/31/14

University Auxiliary and Research Services Corporation

Summary of 12/31/14 Financial Statements

(Discussion for both 9/30 & 12/31 Quarters combined)

Statement of Financial Position (pg1 - attached)

Assets: Total assets as of 12/31/14 were \$21,239,787 which marks a \$494k increase from asset balances at the beginning of the fiscal year. This increase is mainly driven by a \$592k rise in *Other Receivables* for amounts billed to help fund Starbucks and bookstore space renovations in addition to increased billings to agencies for reimbursement of sponsored program expenditures. Furthermore, *Accounts Receivable – Sponsored Programs* grew by \$216k during this 6-month period. This increase is due in part to temporary delays in the billing process associated with conversion to the new Peoplesoft system which came on-line in July.

Liabilities: Total liabilities at 12/31/14 increased by \$903k over the first six months of this fiscal year. The growth largely comes from a \$673k increase in *Deferred Revenue* caused by a timing difference for scholarships funds collected by the Organization that have yet to be remitted to the campus. In addition, a new \$250k note payable to the university was established to assist with the Starbucks space renovation.

Net Assets: The total amount of *Operating Reserves* was \$613k at 12/31/14 versus \$608k at the beginning of the fiscal year. This slight reserve increase is from the close of prior year's \$131k positive net activity, which is offset by \$127k in current year provisions for post-retirement accrual. During the period, there was also reclassification between net assets categories moving amounts from *Campus/Designated Programs* to *Equipment* due to a change in accounting treatment to retroactively capitalize program-related equipment.

Administrative Operating Summary (pg2 – reference 12/31/14 Quarterly Report)

- **Net administrative fee recovery from Grants and Contracts** generated indirect recovery revenues of \$439k for the six months ending 12/31/14 which was below budget by \$167k, and represent a \$103k decline from prior year for the same time period. This decline is due mainly to lower than expected program spending which is the basis for the fee recover revenue. The annual amount of indirect sharing to the campus was accrued at a fiscal year-to-date amount \$205k, or \$102.5k for each of the first two quarters.
- **Campus Program Admin Fee Revenues:** Campus Program admin fee revenue for the fiscal year-to-date was \$139k for the first six months of the year vs budgeted amounts of \$75k.

- **Bookstore Net Revenue:** Fiscal year-to-date commissions of bookstore net revenues were \$189k running on slightly lower than \$200k budgeted amount.
- **UARSC Operating Expenses** through 12/31/14 was \$649k compared to the budget amount of \$689k resulting in a favorable variance of \$41k.
- **Net Operating Revenues** for the six-months ending 12/31/14 resulted in a negative \$15.5k versus the budgeted amount of \$78k and is shown on the Statement of Financial Position in Net Asset section. The shortfall was mainly due to below-budget Grant/Contract Admin Fee revenue mentioned above due to slower than expected sponsored program activity.

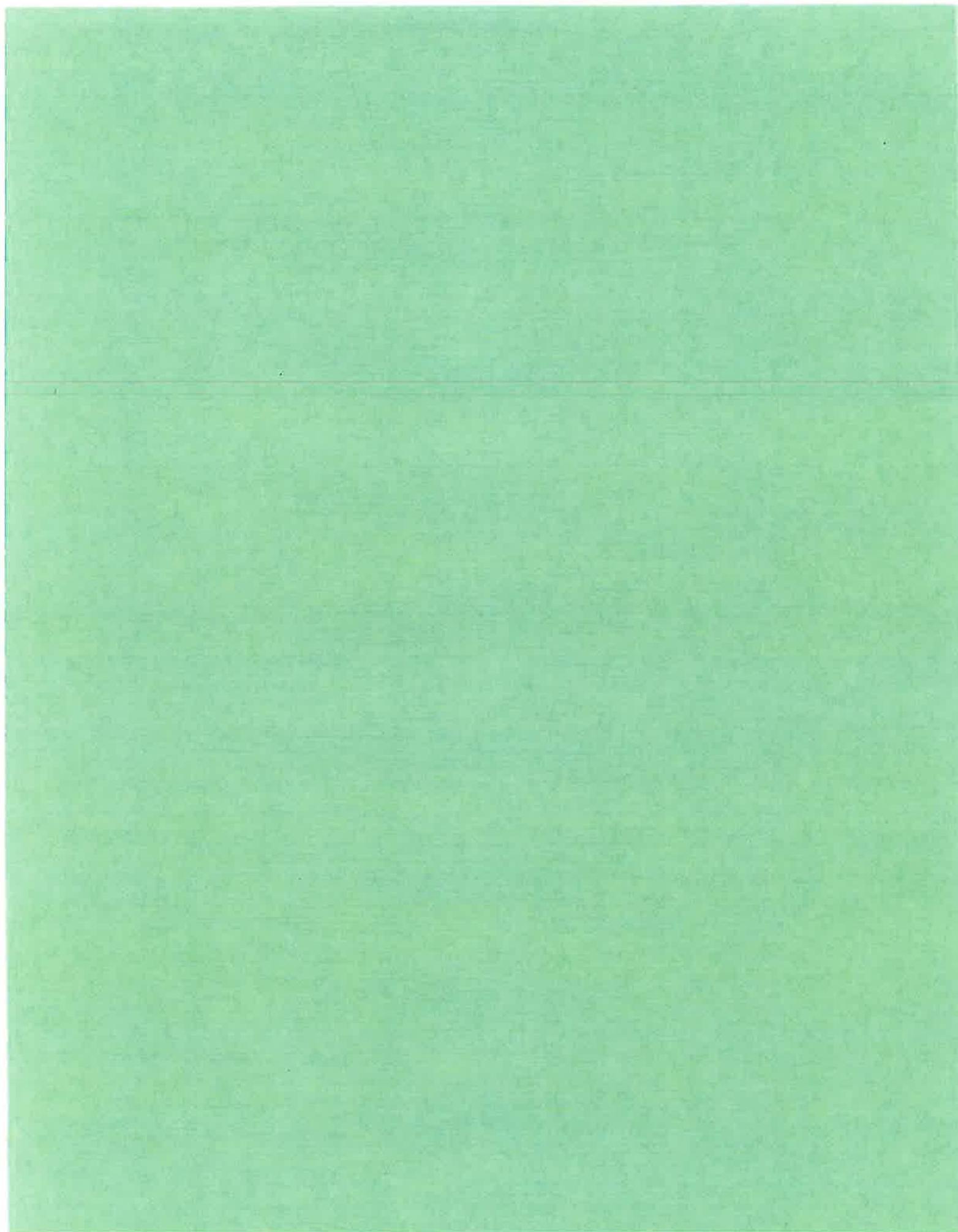
Program Revenue Activity Summary (pg3 – reference 12/31/14 Quarterly Report))

Total Grants and Contracts fiscal year-to-date activity through 12/31/14 was approximately \$2.8 million versus a \$3.1 million budgeted amount.

Campus and Designated Programs gross fiscal year-to-date revenue activity through 12/31/14 was approximately \$1.1 million, or \$142k unfavorable to budget.

University Auxillary and Research Services Corporation
Statement of Financial Position
As of 12/31/2014

	<u>Balance</u> <u>12/31/14</u>	<u>Balance</u> <u>06/30/14</u>	<u>6-Month</u> <u>Increase/</u> <u>(Decrease)</u>
Assets			
Cash and Short-Term Investments-(UARSC)	\$ 4,638,030	\$ 4,469,346	\$ 168,684
Cash and Short-Term Investments-(CSUSMF)	7,812,839	8,076,094	(263,255)
Accts Receivable-Sponsored Programs	819,092	603,075	216,017
Other Receivable	1,117,619	525,550	592,069
Other Assets	139,130	103,717	35,413
CCF-Bldg & Fixtures (Net)	5,011,035	5,193,117	(182,082)
Property & Equipment (Net)	1,702,042	1,775,062	(73,020)
Total Assets	<u>\$ 21,239,787</u>	<u>\$ 20,745,961</u>	<u>\$ 493,826</u>
Liabilities & Net Assets			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,371,949	\$ 1,255,020	\$ 116,929
Due to CSUSMF	7,812,839	8,076,094	(263,255)
Deferred Revenue	2,535,365	1,862,725	672,640
Notes Payable - CSUSM	250,000	-	250,000
Post-Retiree Health Benefit Accrual	1,809,356	1,682,563	126,793
Total Liabilities	<u>\$ 13,779,508</u>	<u>\$ 12,876,402</u>	<u>\$ 903,106</u>
Net Assets:			
Unrestricted:			
Operating Reserves	\$ 612,781	\$ 608,278	\$ 4,503
Campus/Designated Programs	1,480,563	1,773,181	(292,619)
Administrative Current Year Net Activity	(15,534)	131,296	(146,830)
CCF-Bldg & Fixtures	5,011,035	5,193,117	(182,082)
Equipment	371,435	163,687	207,748
Total Net Assets	<u>\$ 7,460,279</u>	<u>\$ 7,869,559</u>	<u>\$ (409,282)</u>
Total Liabilities & Net Assets	<u>\$ 21,239,787</u>	<u>\$ 20,745,961</u>	<u>\$ 493,825</u>



University Auxiliary and Research Services Corporation
Statement of Financial Position
September 30, 2014

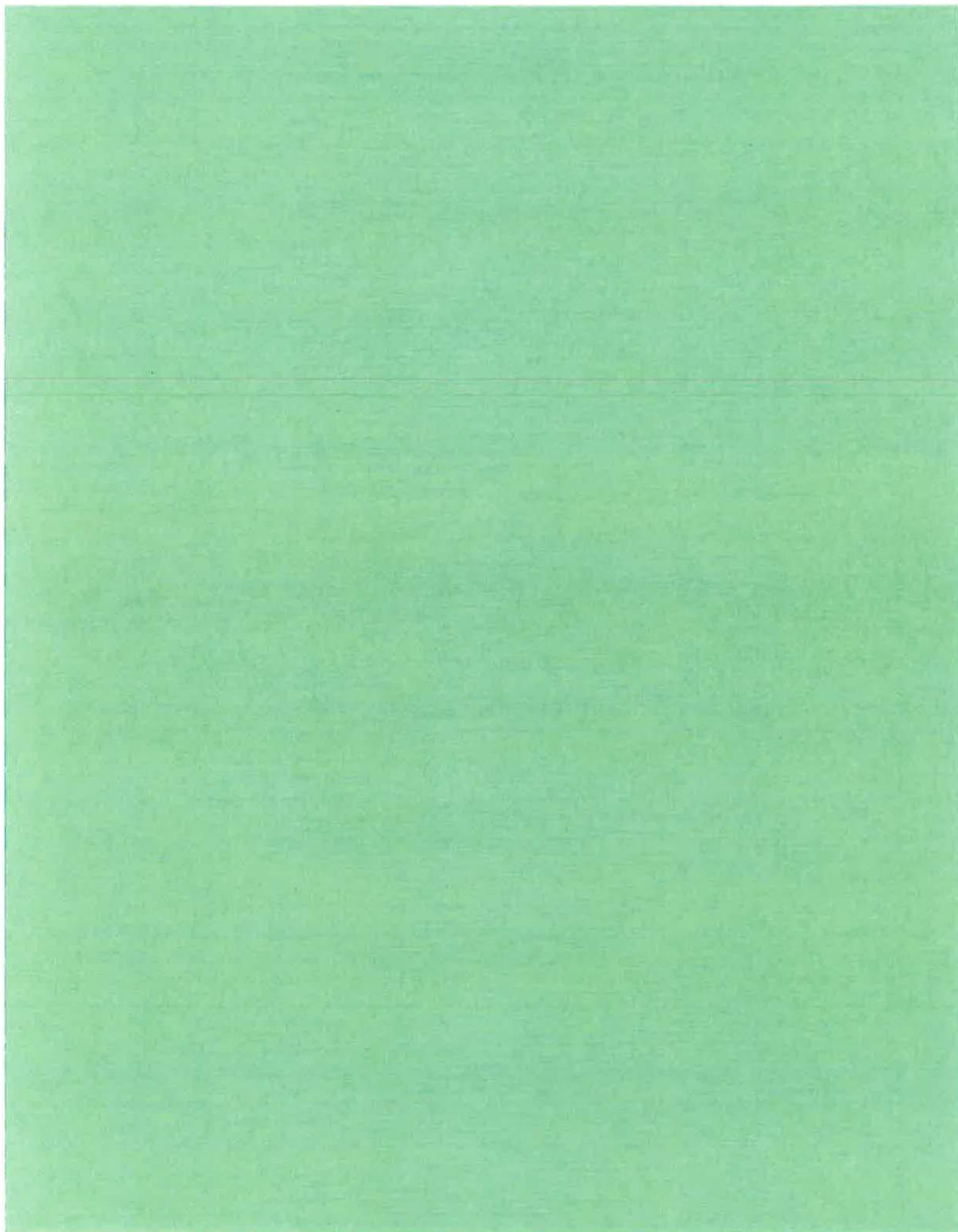
	Balance 09/30/14	Balance 06/30/14	Quarter Increase/ (Decrease)
Assets			
Cash and Short-Term Investments-(UARSC)	\$ 4,499,109	\$ 4,469,346	\$ 29,763
Cash and Short-Term Investments-(CSUSMF)	8,071,540	8,076,094	(4,554)
Accts Receivable-Sponsored Programs	1,024,675	603,075	421,600
Other Receivable	952,834	525,550	427,284
Other Assets	125,493	103,717	21,776
CCF-Bldg & Fixtures (Net)	5,102,076	5,193,117	(91,041)
Property & Equipment (Net)	1,742,907	1,775,062	(32,155)
Total Assets	\$ 21,518,634	\$ 20,745,961	\$ 772,673
Liabilities & Net Assets			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,095,574	\$ 1,255,020	\$ (159,446)
Due to CSUSMF	8,071,540	8,076,094	(4,554)
Deferred Revenue	2,388,543	1,862,725	525,818
Notes Payable - CSUSM	250,000	-	250,000
Post-Retiree Health Benefit Accrual	1,745,959	1,682,563	63,396
Total Liabilities	\$ 13,551,617	\$ 12,876,402	\$ 675,215
Net Assets:			
Unrestricted:			
Operating Reserves	\$ 676,177	\$ 608,278	\$ 67,899
Campus/Designated Programs	1,816,937	1,773,181	43,755
Administrative Current Year Net Activity	(21,991)	131,296	(153,287)
CCF-Bldg & Fixtures	5,102,076	5,193,117	(91,041)
Equipment	393,818	163,687	230,131
Total Net Assets	\$ 7,967,017	\$ 7,869,559	\$ 97,457
Total Liabilities & Net Assets	\$ 21,518,634	\$ 20,745,961	\$ 772,673

**University Auxiliary and Research Services Corporation
Administrative Operating Summary
7/1/14 to 9/30/14**

	Annual Budget FY 14/15	Quarter 1 7/1/14 - 9/30/14			Fiscal Year To Date 7/1/14 to 9/30/14			Comparison of Prior FYTD Actual to Current FYTD Actual		
		Budget	Actual	Variance	Budget	Actual	Variance	Prior FYTD 9/30/13	Current FYTD 09/30/14	% Inc. (Dec.)
Revenue										
Grant/Contract Admin Fees	\$ 1,212,572	\$ 303,143	\$ 220,187	\$ (82,956)	\$ 303,143	\$ 220,187	\$ (82,956)	\$ 325,007	\$ 220,197	-32%
Less: University Sharing	(410,040)	(102,510)	(102,510)	-	(102,510)	(102,510)	-	(100,500)	(102,510)	2%
Net Grant/Contract Admin Fees	\$ 802,532	\$ 200,633	\$ 117,677	\$ (82,956)	\$ 200,633	\$ 117,677	\$ (82,956)	\$ 224,507	\$ 117,677	-48%
Admin Fees - Campus Programs	150,000	37,500	45,178	7,678	37,500	45,178	7,678	38,116	45,178	19%
Bookstore Net Revenue	400,000	180,000	166,817	(13,183)	180,000	166,817	(13,183)	182,969	166,817	-9%
Other Commercial Services Revenue	124,000	31,000	14,930	(16,070)	31,000	14,930	(16,070)	35,886	14,930	0%
Investment Income	43,750	10,938	(7,642)	(18,580)	10,938	(7,642)	(18,580)	12,554	(7,642)	-161%
Leases/Mgmt Fees/Support	45,000	11,250	11,247	(3)	11,250	11,247	(3)	21,192	11,247	-47%
Total Revenue	\$ 1,565,282	\$ 471,321	\$ 348,207	\$ (123,114)	\$ 471,321	\$ 348,207	\$ (123,114)	\$ 515,224	\$ 348,207	-32%
Expenses: Food Service	30,000	7,500	9,997	(2,497)	7,500	9,997	(2,497)	9,384	9,997	7%
Expenses: UARSC Operations	1,379,726	344,932	360,201	(15,269)	344,932	360,201	(15,269)	381,741	360,201	-6%
Net Operating Revenues	\$ 155,556	\$ 118,889	\$ (21,991)	\$ (140,880)	\$ 118,889	\$ (21,991)	\$ (140,880)	\$ 124,099	\$ (21,991)	-118%

**University Auxillary and Research Services Corporation
Program Revenue Activity Summary
7/1/14 to 9/30/14**

Program Activity	Annual Budget FY 14/15	Quarter 1 7/1/14 - 9/30/14			Fiscal Year To Date 7/1/14 to 9/30/14			Comparison of Prior FYTD Actual to Current FYTD Actual		
		Budget	Actual	Variance	Budget	Actual	Variance	Prior FYTD 9/30/2013	Current FYTD 9/30/2014	% Inc. (Dec.)
Grants/Contracts										
Federal	\$ 6,285,000	\$ 1,571,250	\$ 1,504,541	\$ (66,709)	\$ 1,571,250	\$ 1,504,541	\$ (66,709)	\$ 1,803,514	\$ 1,504,541	-18%
State/Private/Other	1,054,000	263,500	44,262	(219,238)	263,500	44,262	(219,238)	70,804	44,262	-37%
Total Grants/Contracts	\$ 7,339,000	\$ 1,834,750	\$ 1,548,803	\$ (285,947)	\$ 1,834,750	\$ 1,548,803	\$ (285,947)	\$ 1,914,418	\$ 1,548,803	-19%
Campus/Designated Programs	\$ 2,463,000	\$ 615,780	\$ 794,091	\$ 178,311	\$ 615,750	\$ 794,091	\$ 178,341	\$ 379,096	\$ 794,091	109%
Total Program Revenues	\$ 9,802,000	\$ 2,450,500	\$ 2,342,894	\$ (107,606)	\$ 2,450,500	\$ 2,342,894	\$ (107,606)	\$ 2,293,514	\$ 2,342,894	2%



University Auxiliary and Research Services Corporation
Statement of Financial Position
December 31, 2014

	Balance 12/31/14	Balance 09/30/14	Quarter Increase/ (Decrease)
Assets			
Cash and Short-Term Investments-(UARSC)	\$ 4,638,030	\$ 4,499,109	\$ 138,921
Cash and Short-Term Investments-(CSUSMF)	7,812,839	8,071,540	(258,701)
Accts Receivable-Sponsored Programs	819,092	1,024,675	(205,583)
Other Receivable	1,117,619	952,834	164,785
Other Assets	139,130	125,493	13,637
CCF-Bldg & Fixtures (Net)	5,011,035	5,102,076	(91,041)
Property & Equipment (Net)	1,702,042	1,742,907	(40,865)
Total Assets	\$ 21,239,787	\$ 21,518,634	\$ (278,847)
Liabilities & Net Assets			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,371,949	\$ 1,820,848	\$ (448,899)
Due to CSUSMF	7,812,839	8,071,540	(258,701)
Deferred Revenue	2,535,365	1,663,269	872,096
Notes Payable - CSUSM	250,000	250,000	-
Post-Retiree Health Benefit Accrual	1,809,356	1,745,959	63,397
Total Liabilities	\$ 13,779,508	\$ 13,551,617	\$ 227,892
Net Assets:			
Unrestricted:			
Operating Reserves	\$ 612,781	\$ 676,177	\$ (63,396)
Campus/Designated Programs	1,480,563	1,816,937	(336,375)
Administrative Current Year Net Activity	(15,534)	(21,991)	6,457
CCF-Bldg & Fixtures	5,011,035	5,102,076	(91,041)
Equipment	371,435	393,818	(22,383)
Total Net Assets	\$ 7,460,279	\$ 7,967,017	\$ (506,740)
Total Liabilities & Net Assets	\$ 21,239,787	\$ 21,518,634	\$ (278,847)

**University Auxiliary and Research Services Corporation
Administrative Operating Summary
7/1/14 to 12/31/14**

	Annual Budget FY 14/15	Quarter 2 10/1/2014 - 12/31/2014			Fiscal Year To Date 7/1/14 to 12/31/14			Comparison of Prior FYTD Actual to Current FYTD Actual		
		Budget	Actual	Variance	Budget	Actual	Variance	Prior FYTD 12/31/13	Current FYTD 12/31/14	% Inc. (Dec.)
Revenue										
Grant/Contract Admin Fees	\$ 1,212,572	\$ 303,143	\$ 218,911	\$ (84,232)	\$ 606,286	\$ 439,098	\$ (167,188)	\$ 542,031	\$ 439,098	-19%
Less: University Sharing	(410,040)	(102,510)	(102,510)	-	(205,020)	(205,020)	-	(201,000)	(205,020)	2%
Net Grant/Contract Admin Fees	\$ 802,532	\$ 200,633	\$ 116,401	\$ (84,232)	\$ 401,266	\$ 234,078	\$ (167,188)	\$ 941,031	\$ 234,078	-31%
Admin Fees - Campus Programs	150,000	37,500	93,339	55,839	75,000	138,517	63,517	76,107	138,517	82%
Bookstore Net Revenue	400,000	20,000	22,435	2,435	200,000	189,252	(10,748)	205,646	189,252	-8%
Other Commercial Services Revenues	124,000	31,000	46,188	15,188	62,000	61,118	(882)	56,222	61,118	0%
Investment Income	43,750	10,938	6,192	(4,745)	21,875	(1,450)	(23,325)	12,002	(1,450)	-112%
Leases/Mgmt Fees/Support	45,000	11,250	10,884	(366)	22,500	22,131	(369)	20,847	22,131	6%
Total Revenue	\$ 1,565,282	\$ 311,321	\$ 295,440	\$ (15,881)	\$ 782,641	\$ 643,647	\$ (138,994)	\$ 711,855	\$ 643,647	-10%
Expenses: Food Service	30,000	7,500	183	7,317	15,000	10,180	4,820	16,537	10,180	-38%
Expenses: UARSC Operations	1,379,726	344,932	288,800	56,132	689,863	649,001	40,862	742,033	649,001	-13%
Net Operating Revenues	\$ 155,556	\$ (41,111)	\$ 6,457	\$ 47,568	\$ 77,778	\$ (15,534)	\$ (93,312)	\$ (46,715)	\$ (15,534)	-67%

**University Auxillary and Research Services Corporation
 Program Revenue Activity Summary
 7/1/14 to 12/31/14**

Program Activity	Annual Budget FY 14/15	Quarter 2 10/1/14 - 12/31/14			Fiscal Year To Date 7/1/14 to 12/31/14			Comparison of Prior FYTD Actual to Current FYTD Actual		
		Budget	Actual	Variance	Budget	Actual	Variance	Prior FYTD 12/31/2013	Current FYTD 12/30/2014	% Inc. (Dec.)
Grants/Contracts										
Federal	\$ 6,283,000	\$ 1,571,250	\$ 798,812	\$ (774,438)	\$ 3,142,500	\$ 2,901,959	\$ (841,147)	\$ 2,926,328	\$ 2,301,753	-21%
State/Private/Other	1,054,000	269,500	267,011	9,511	527,000	911,279	(215,727)	456,219	511,509	+11%
Total Grants/Contracts	\$ 7,339,000	\$ 1,840,750	\$ 1,065,823	\$ (770,927)	\$ 3,669,500	\$ 2,813,238	\$ (1,056,262)	\$ 3,382,547	\$ 2,813,266	-17%
Campus/Designated Programs	\$ 2,463,000	\$ 615,750	\$ 827,471	\$ 211,721	\$ 1,291,500	\$ 1,621,562	\$ 390,062	\$ 913,407	\$ 1,621,562	78%
Total Program Revenues	\$ 9,802,000	\$ 2,456,500	\$ 1,893,295	\$ (559,205)	\$ 4,961,000	\$ 4,434,800	\$ (666,811)	\$ 4,305,954	\$ 4,234,189	-2%

ATTACHMENT C

Revision to 2014/2015 Budget

**University Auxiliary and Research Services Corporation
Mid-Year FY 14/15 Net Revenue and Operating Expense Report**

MID-YEAR FY 14/15

	Actual FY 13/14 (Sep '14)	Approved FY 14/15 Budget (June 18, 2014)	Revision #1 FY 14/15 Budget (Nov 18 2014)		Actual Jul-Dec 2014	Projected Jan-Jun 2015	Projected FY 14/15 (Feb 26 2015)	Projected Variance From 11/13/14 Budget
Revenue								
Grant/Contract Admin Fees	\$ 1,173,893	\$ 1,212,572	\$ 1,212,572	A	\$ 439,098	\$ 734,902	\$ 1,174,000	(38,572)
Less: Unallowance Reserve	(398,510)	(410,040)	(410,040)	B	(205,020)	(169,767)	(374,787)	35,253
Net Grant/Contract Admin Fees	\$ 775,383	\$ 802,532	\$ 802,532	C	\$ 234,078	\$ 565,135	\$ 799,213	(3,119)
Admin Fees - Campus Programs	160,147	150,000	150,000	D	138,517	89,046	227,563	77,563
Business Service Revenue - CSUSMF	150,000	-	-	E	-	-	-	-
Bookstore Net Revenue	376,193	400,000	400,000	F	189,252	194,465	383,717	(16,283)
Food Service -Revenue Offsets	(39,518)	(30,000)	(30,000)	G	-	-	-	30,000
Other Commercial Services Revenues	140,573	124,000	124,000	H	61,118	58,100	119,218	(4,782)
Investment income	59,858	43,750	43,750	I	(1,450)	21,875	20,425	(23,325)
Leases/Mgmt Fees/Support	44,397	45,000	45,000	J	22,131	22,131	44,262	(738)
Total Revenue	\$ 1,667,033	\$ 1,535,282	\$ 1,535,282		\$ 643,647	\$ 950,752	\$ 1,594,398	59,116
Expenses:								
UARSC Food Services	-	-	-		10,180	19,820	30,000	30,000
UARSC Operations	1,685,086	1,480,947	1,379,726		649,001	763,099	1,412,100	32,374
Total Expenses	\$1,685,086	\$1,480,947	\$1,379,726		\$659,181	\$782,919	\$1,442,100	62,374
Net Operating Revenues	\$ (18,054)	\$ 1,535,282	\$ 155,556		\$ (15,534)	\$ 167,833	\$ 152,298	(3,258)
		\$ 1,596,022	\$ 137,502					
		2-Year Cumulative						

FY 14/15 Assumptions:

- A Increase of 2% from FY 13/14 projected total revenue
- B Estimate of 2% increase from FY 13/14 shareback total. Final amount to be determined based on sharing policy.
- C Estimate of actual costs to administer sponsored projects. Final amount to be determined based on sharing policy
- D Average fee rate of 5% on total campus program expenditures of \$3 million
- E CSUSM finds business services moved to campus
- F Outsourced Follett bookstore commission of 12.5% on \$3.2 million gross sales
- G Outsourced Sodexo foodservice commissions at 0% for FY14/15. Portion of operating costs (utilities) covered by UARSC.
- H Commissions from other outsourced commercial service providers (Pepsi, Snack Vending, Campus Coffee, WF ATM, AT&T)
- I Average investible cash balance of \$3.5 million at 1.25%
- J Rent revenue, UARSC office space, Carmel Street

UARSC
Actual FY 13/14 Operating Expenses
and Draft FY 14/15 Operating Budget - Revised

	FY 13/14 Annual Budget	Actual Annual FY 13/14	Actual vs Budget Variance	REVISED #1 Nov 13, 2014 FY 14/15 BUDGET	PROPOSED REVISED #2 Feb 26, 2015 FY 14/15 BUDGET	Change
Salaries and Benefits						
UARSC Salaries	\$ 730,416	\$ 509,076	(221,340)	428,867	440,987	
UARSC Benefits	280,279	193,211	(87,068)	167,258	170,387	
Campus Reimb Sal's & Ben's	176,268	706,983	530,715	413,588	420,863	
Total Salaries and Benefits	\$ 1,186,963	\$ 1,409,269	\$ 222,306	\$ 1,009,713	\$ 1,032,037	\$ 22,324
Operating Expenses						
ADP Payroll/Bank Fees	\$ 48,500	41,507	(6,993)	46,250	56,300	
Audit Fees	66,000	64,300	(1,700)	66,500	66,500	
Maint. agreements (IITS, copiers, Deltek)	62,500	70,935	8,435	59,700	59,700	
Consulting-Special Projects	10,000	14,047	4,047	10,000	10,000	
Univ Procurment Buyer Reimb (see MOU)	33,000	-	(33,000)	-	-	
Meetings and Events	7,500	4,205	(3,295)	5,000	5,000	
Insurance - Prop, Liab, D & O	50,160	64,699	14,539	41,363	41,363	
Legal	5,000	-	(5,000)	25,000	25,000	
Mail/Postage	4,500	3,656	(844)	4,500	4,500	
Memberships & Subscriptions	500	3,736	3,236	4,700	4,700	
Phone	8,500	6,984	(1,516)	7,500	7,500	
Space Rent/Utilities	55,000	51,222	(3,778)	52,000	52,000	
Supplies and Services	25,000	46,722	21,722	32,500	32,500	
Travel and Professional Dev.	1,000	4,524	3,524	10,000	10,000	
Recruitment	1,500	1,155	(345)	2,000	2,000	
Other Operating/Contingency	3,000	2,095	(905)	3,000	3,000	
Total Operating Expenses	\$ 381,660	\$ 379,787	(1,873)	\$ 370,013	\$ 380,063	\$ 10,050
Total Operating Expenses	\$ 1,568,623	1,789,057	220,433	\$ 1,379,726	\$ 1,412,100	\$ 32,374

ATTACHMENT D

Revision to Delegation of Authority Policy

Included for Reference Purposes:

**11/13/14 Delegation of Authority Policy Memo & Signature
Page**



DELEGATION OF AUTHORITY

Background and Purpose

The University Auxiliary and Research Services Corporation is engaged in a variety of transactions that require prudent control over the authorization to execute documents that obligate the Corporation or which otherwise confirm financial or contractual transactions.

This statement lists the document types and corresponding signatories required thereon to authorize the transaction associated with each type of document.

Policy

The Executive Director is authorized to establish written management guidelines consistent with and in implementation of this policy statement, including delegation of authority granted through this policy.

Those with delegated authority may re-delegate in writing to officers, employees or agents of the Corporation, with approval of the Executive Director ~~or designee, and the Board Chairman.~~

Attached is a description of document types and corresponding authorized ~~signatories, signatures.~~

The undersigned Secretary hereby certifies that the foregoing is a full, true and correct copy of the policy of the Board of Directors of the University Auxiliary and Research Services Corporation duly made at a regular Board meeting on ~~November 13, 2014~~ February 26, 2015.

Bella Newberg, Secretary

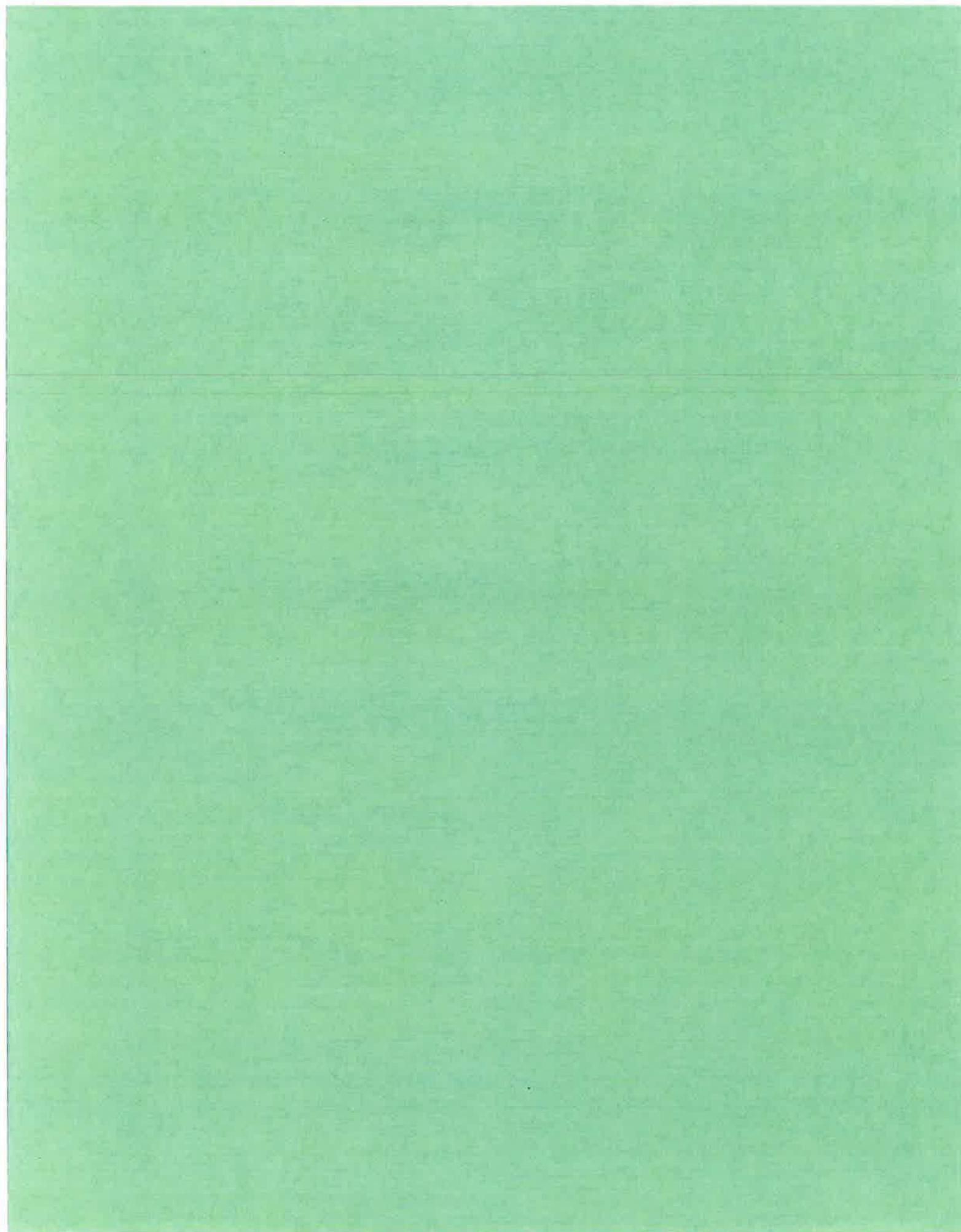
Date

Policy Revision Dates: 03/26/09; 05/22/14 (effective 07/01/14); 09/04/14; 11/13/14; 02/26/15
Issue Date: 10/18/01

**DELEGATION OF AUTHORITY
DOCUMENT TYPES AND AUTHORIZED SIGNATORIES**

<u>Banking and Investment Transactions</u>	
Open or Close Bank Accounts	Executive Director, UARSC
Transfers Between Bank Accounts	Director, Finance and Business Development, UARSC
Wire Transfers, Withdraw Requests	Manager, Sponsored Projects, UARSC
Deposits	
<i>With E.D. or Designee prior approval</i>	University Controller
<i>With E.D. or Designee prior approval</i>	Manager, Auxiliary Accounting
<i>Wire Transfer Request Only</i>	Auxiliary Accountant
<i>A/P Wire Transfer Request Only</i>	CSUSM Accounts Payable & Travel Manager
<i>A/P Wire Transfer Request Only</i>	CSUSM Accounts Payable Technician
<i>Dual Approval Required on all Account Open or Close Activity</i>	
<i>Dual Approval Required on all Transfers/Withdrawals</i>	
<u>Disbursements & Other Negotiable Instruments & Transactions</u>	
Commercial checks, sight drafts, other negotiable instruments	VP, Finance and Administrative Services (electronic)
<i>2 signatures required on checks over \$15,000</i>	Executive Director, UARSC
	Director, Finance and Business Development, UARSC
	AVP, Finance and Budget
	University Controller
	Director, Budget Office
<u>Contractual Documents</u>	
Agreements or contracts, including property conveyances, service agreements, leases, MOU's with campus, licenses	Executive Director, UARSC
	Director, Finance and Business Development, UARSC
	Director, Human Resources and Payroll Services, UARSC
<u>Real Property Leases</u>	
	VP, Finance and Administrative Services
	Executive Director, UARSC
<u>Requisitions for Services & Purchases</u>	
	<u>Individuals with Expense Account Authorizaton per Fiscal Authority</u>
<u>Fixed Asset Inventories & Asset Disposal</u>	
	Executive Director, UARSC
	Director, Finance and Business Development, UARSC
	Director, Human Resources and Payroll Services, UARSC
<u>Tax Returns</u>	
	VP, Finance and Administrative Services
	Executive Director, UARSC
	Director, Finance and Business Development, UARSC
<u>Human Resource Documents</u>	
	Executive Director, UARSC
	Director, Human Resources and Payroll Services, UARSC
<u>Manual Payroll Checks</u>	
<i>2 signatures required on payroll checks over \$3,000</i>	Executive Director, UARSC
	Director, Finance and Business Development, UARSC
	Manager, Sponsored Projects, UARSC
	University Controller
<u>Campus Programs</u>	
UARSC Project Agreements related to Campus Program activities administered by UARSC	Executive Director, UARSC
	Director, Finance and Business Development, UARSC
	Director, Human Resources and Payroll Services, UARSC
	Manager, Sponsored Projects, UARSC
<u>Sponsored Projects</u>	
UARSC Project Agreements and contractual documents related to Grants and Contracts activities administered by UARSC	Executive Director, UARSC
	Manager, Sponsored Projects, UARSC
	Director, Human Resources and Payroll Services, UARSC
<i>Project Agreements Only</i>	Sponsored Projects Analyst
<u>Sponsored Projects - Expenditure Request/Authorization</u>	
Procurement documentation, including check requests, requisitions, purchase orders.	Executive Director, UARSC
<i>Any Dollar Amount</i>	Manager, Sponsored Projects, UARSC
	Director, Finance and Business Development, UARSC
	Director, Human Resources and Payroll Services, UARSC
<i>Amounts under \$5,000 Only</i>	Sponsored Projects Analyst

All Activity must be in accordance with UARSC Policies & Procedures
Pending Approval by the UARSC Board of Directors at the 02/26/15 Meeting (effective 02/26/15)





DELEGATION OF AUTHORITY

Background and Purpose

The University Auxiliary and Research Services Corporation is engaged in a variety of transactions that require prudent control over the authorization to execute documents that obligate the Corporation or which otherwise confirm financial or contractual transactions.

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Attached is a description of document types and corresponding authorized signatures.

The undersigned Secretary hereby certifies that the foregoing is a full, true and correct copy of the policy of the Board of Directors of the University Auxiliary and Research Services Corporation duly made at a regular Board meeting on November 13, 2014.


Bella Newberg, Secretary

11/14/14
Date

Policy Revision Dates: 03/26/09; 05/22/14 (effective 07/01/14); 09/04/14; 11/13/14
Issue Date: 10/18/01

Banking and Investment Transactions

Open or Close Bank Accounts
Transfers Between Bank Accounts
Wire Transfers, Withdraw Requests
Deposits

Wire Transfer Request Only

Wire Transfer Request Only

A/P Wire Transfer Request Only

Dual Approval Required on all Account Open or Close Activity

Dual Approval Required on all Transfers/Withdrawals

Contractual Documents

Agreements or contracts, including property conveyances, service agreements, leases, MOU's with campus, licenses in the ordinary course of business

Project Agreements - Campus Programs

UARSC Project Agreements related to Campus Program activities administered by UARSC

Project Agreements - Sponsored Projects

UARSC Project Agreements related to Grants and Contracts activities administered by UARSC

Expenditure Request/Authorization - Sponsored Projects

Procurement documentation, including check requests, requisitions, purchase orders.

Any Dollar Amount

Procurement documentation, including check requests, requisitions, purchase orders.

Amounts under \$1,000

Negotiable Instruments

Commercial checks, sight drafts, other negotiable instruments

2 signatures required on checks over \$10,000

Manual Payroll Checks

2 signatures required on payroll checks over \$2,000

Clint Roberts

Deborah Davis

Annemarie Broderick

Barbara Cervantes

Mercedes Wilson

Bella Newberg

Greg Svatora

Michelle Hinojosa

Bella Newberg

Greg Svatora

Deborah Davis

Annemarie Broderick

Barbara Cervantes

Michelle Hinojosa

Bella Newberg

Michelle Meeks

Michelle Hinojosa

Patti Kastner

Deborah Davis

Editha Becker

Bella Newberg

Michelle Meeks

Greg Svatora

Michelle Hinojosa

Patti Kastner

Editha Becker

Linda Hawk

Mary Hinchey

Bella Newberg

Greg Svatora

Clint Roberts

Nancy Suarez

Bella Newberg

Greg Svatora

Michelle Hinojosa

Deborah Davis

Handwritten signatures in blue ink corresponding to the printed names on the right side of the page.

ATTACHMENT E

**Auxiliary Audit Firm RFP Committee
Process and Recommendation**



**Auxiliary Organization External Audit Services
Selection Process
January 30, 2015**

(For Internal Use Only)

The RFP review committee, comprised of representation from each Auxiliary and two members from CSUSM Accounting has recommended that a contract(s) be awarded to AKT LLP for the provision of Auxiliary Organization External Audit Services. There were 5 CPA firms that submitted proposals for the auxiliary audit services. All proposals were thoroughly evaluated against the requirements of the RFP, the contract general provisions, and the evaluation criteria. Each RFP Committee member scored all of the proposals individually and identified the top three proposers to interview. After all three interviews were completed; the RFP Committee jointly discussed the strengths and weaknesses of each interviewed proposer for final selection.

AKT demonstrated significant strength above the other proposers, to include but not limited to, a clear and manageable work plan, "Service" as a core competency, field work turnaround time, communication and meeting strategies, continuity of field work staff, uniform guidance and single audits, and experience with CSU Auxiliary auditing.

AKT LLP was in third place after review of the technical proposals although, through the critical interview process, demonstrated the knowledge and expertise required to perform the services. Additionally, AKT LLP proposed the lowest cost. As such, the RFP committee is recommending AKT as the CSUSM Auxiliary Auditor for a term of three years with option to extend.

RFP Selection Committee:

Facilitator: David Taylor, Director, Procurement, Contracts & Support Services

UARSC: Michelle Meeks, Interim Manager, Sponsored Projects

SMCOR: Kim Clark, Executive Director

SMCOR: Justin Lewis, Board Member

ASI: Deb Fritsvold, Manager of Operations

Foundation: Tina Bell, Director of Resources, Planning & Campaign Operations, University Advancement

CSUSM: Clint Roberts, University Controller

CSUSM: Deborah Davis, Manager, Auxiliary Financial Services

The evaluation criteria consisted of five weighted categories:

A.	<u>Experience</u>	20 points
B.	<u>Personnel</u>	20 points
C.	<u>Scope of Services</u>	30 points
D.	<u>Interview</u>	15 points
E.	<u>Total Cost</u>	15 points

**Auxiliary Organization External Audit Services
Selection Process
January 30, 2015**

(For Internal Use Only)

Pre-Interview Combined Scores:

CRITERIA	AKT LLP	McGladrey LLP	MGO	Winds & Mclaughry	Vasin, Heyn & Company
Experience (20)	99	99	96	73	81
Personnel (20)	87	95	95	77	79
Scope of Services (30)	130	123	136	75	89
Interview (15)	0				
Costs (15)	0				
Totals	316	317	327	225	249

Post Interview Final Scores:

CRITERIA	AKT LLP	McGladrey LLP	MGO
Experience (20)	108	109	92
Personnel (20)	107	93	77
Scope of Services (30)	146	133	127
Interview (15)	88	67	56
Costs (15)	81	35	73
Totals	530	437	425

ATTACHMENT F

Proposed FY 15/16 Meeting Calendar



**BOARD OF DIRECTORS
FY 15/16 Meeting Calendar**

Location: Center for Children and Families Classroom
Meeting Time: 4:00 p.m. – 5:30 p.m.

September 3, 2015 (Annual Meeting)

November 12, 2015

February 25, 2016

May 26, 2016