

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
FINANCE COMMITTEE MEETING

MINUTES

September 16, 2016
3:00-4:00 p.m.
Corbett Conference Room (SH 222)

MEMBERS PRESENT: Amy Sprowles
Alex Enyedi
Rick Brown
C.D. Hoyle

MEMBERS ABSENT: Lisa Rossbacher
Sue Ringwald

OTHERS PRESENT: Kacie Flynn, SPF
Steve Karp, SPF
Denise Bettendorf, Accounting
Chrissie Anderson, Accounting
Richard Boone, CNRS

I. Call to Order

Amy Sprowles called the meeting to order at 3:10 p.m.

II. Review 4th Quarter Financial Statements

(Attachment A)

Denise Bettendorf and Chrissie Anderson of Financial Services presented the 4th Quarter Financial Report ending June 30, 2016. For the year end, the effective IDC rate was 9% which is a 1.5-point decrease from the prior year. This is mainly attributed to a few high dollar awards with large subcontracts and equipment purchases. The various factors contributing to low effective IDC rates were discussed including funder restrictions on allowable indirect rates as well as an increase in subcontracts on proposals, which are limited in the amount of indirect that can be applied. At the end of the 4th Quarter the cash reserve (SPF's checking account) exceeded the current reserve goal of \$4 million by \$1,012,864.

Invoiced and unbilled Accounts Receivables (AR) totaled \$7 million, which was an \$1.7 million increase from the prior year. At the end of the 4th Quarter there were 407 active projects with a total award portfolio of \$68.8 million. Comparatively, at this point in FY 11/12 there were 349 active projects with a total award portfolio of \$52.6 million.

Steve Karp presented Pre-Award metrics with year to date comparative data on routed proposals and new awards. Through the end of FY 15/16, the foundation submitted 245 proposals requesting \$48.6 million in funding. Of those 245 proposals, 132 were \$25K or greater. In that same time, SPF received 166 new awards totaling \$26.4 million. Of those 166 new awards, 61 were \$25K or greater (Strategic Plan Objective 4.3 – Increase Grants over \$25,000 by 30%).

Steve noted the proposal pipeline is \$55 million strong, citing over the course of the next fiscal year there are: 79 "Pre-Routing Proposals" in the que totaling \$15.2 million in potential submissions, 7 "Routings approved but not yet submitted" in the amount of \$16.6 million, and 83 "Proposals submitted still waiting on notification" totaling \$23 million requested.

III. Line of Credit Update

(Handout)

Since the Advancement Foundation has yet to approve a line of credit for SPF, Steve Karp approached Redwood Capital Bank (RCB) for a proposal. They have offered either a \$1 or \$2 million Line of Credit, with a final proposal still pending approval from RCB. Steve reviewed the specific borrowing terms with the committee and should have finalized proposal by the September 29th Board Meeting which he will present for review and approval.

IV. Review current Reserve Policy

(Attachment B)

Per the current Reserve Policy, it will be reviewed at least annually to ensure its consistency with the Foundation's objectives of growth, income, and any changes in applicable laws and external financial trends. Steve explained that though the current \$4 million is sufficient for daily operations, a number of large awards and subcontracts has pushed us near that limit. By securing a line of credit, it will ensure HSU SPF has a safety net in the event the foundation needs to process a large invoice. At this time HSU SPF is not recommending amending the reserve levels with the caveat that the \$2million Line of Credit is authorized by the board. Discussion ensued on the campus impacts to increasing the current reserve amount. The committee did not recommend any changes to the policy at this time.

V. Discuss Indirect Cost Revenue Distribution

(Attachments C & D)

Steve Karp reviewed the current policy and presented the proposed distribution of the \$1,012,864 Indirect Cost Revenue in following with the Board approved policy. The committee could recommend banking all or part of the revenue to put it towards building the reserve or distribute it back to the campus community. If the committee recommends in favor of distributing per the current policy, the detailed distribution list will be presented and voted for approval by the full Board on September 29, 2016.

Amy inquired about the distribution methodology which currently only returns revenue to qualifying grants with an effective IDC rate of 15% or greater. Since educational/service focused projects typically come from funders with lower IDC rates, those Principal Investigators don't benefit from the current policy. Discussion ensued on different models for distributing and the challenges of rebalancing the distribution formula.

Action Item: C.D. Hoyle m/s Rick Brown "Motion to recommend following the Indirect Revenue Distribution Policy as presented to the Board of Directors for approval."

VI. Other

VII. Adjournment

The meeting adjourned at 4:18 p.m.

Respectfully Submitted,


Amy Spowles