• **INTRODUCTION**

• The CSUF Auxiliary Service Corporation is one of four auxiliary corporations on the CSUF campus.

• ASC was incorporated in 1959 as a nonprofit public corporation for the purpose of promoting and assisting the educational mission of Cal State Fullerton.
UNRESTRICTED ACTIVITIES

• **General Fund**
  - Administration
  - Accounting and Finance
  - Human Resources
  - Management Information Systems

• **Enterprises**
  - Bookstores (Titan Shops)
  - Dining Services
• **Supplemental Programs**
  - Research-Post Award Grants & Contracts.
  - Non-credit Continuing Education (University Extended Education)
    - Campus Programs projects.
  - Faculty Research Award
• In fulfilling its mission, ASC employs approximately 800 employees as it performs a variety of services throughout the campus community.
• **ASC Contribution to University**
  
  - ASC has contributed $1,693,000 to the University for fiscal year ending June 30, 2009.

  - The contribution is funded from the prior year’s surplus after, reserves and debt service have been considered.
• Over the past five years the ASC has contributed over $9.25 million to the University.

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<th>04/05</th>
<th>05/06</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
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<td>255,000</td>
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<td>Designated Gifts</td>
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<td>325,000</td>
<td>325,000</td>
<td>325,000</td>
<td>1,625,000</td>
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<td>Other</td>
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<td><strong>Total</strong></td>
<td>1,701,000</td>
<td>2,040,000</td>
<td>1,911,000</td>
<td>1,905,000</td>
<td>1,693,000</td>
<td>9,250,000</td>
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</table>
In signing the agreement, the Authorized Signers acknowledge the following conditions as mandated by the Chancellor’s Office of the California State University. Currently, this includes two Executive Orders issued by the CSU Chancellor’s Office.

- EXECUTIVE ORDER 753 (cost recovery)
- EXECUTIVE ORDER 919 (Definition of CSU Fund)
Executive Order 919 (the Coler of Mony)

A. State General Fund(s):
   General Fund is appropriated to CSU as a state agency via the State Budget.

B. “Reimbursed Activities” in the General Fund:
   Within CSU’s General Fund 0001 accounting activity, there typically will be some receipts that do not originate from the State’s General Fund. This situation arises when General Fund resources have been initially expended but the General Fund is not intended to be the ultimate payer. The non-State receipt occurs when the ultimate funding source reimburses the General Fund.
Executive Order 919

C. State Special Fund(s):

Source of Monies Recorded in:

- Allocations to CSU from The California State Lottery
- Monies to be used to retire Revenue Bond debt
- Monies received for specific, limited-term projects Special Projects
- Fees collected from Parking operations
- Fees collected for providing Health Center Facilities

“Special Funds” refer to monies that do not come from the State, but are held in the State Treasury system and are subject to State rules and regulations specific to the Special Funds.
Executive Order 919

D. Revenue Bond Program
The California State University (CSU) issues revenue bonds under a 1968 Bond Resolution to finance capital projects.

E. Dormitory Revenue Fund (DRF)
This fund is designated for the revenues received from the CSU’s enterprise operations that legally secure the SRB bond obligations. For example, Campus housing fee revenue that secures a revenue bond obligation for an acquired or constructed capital project is deposited into the DRF.

F. The CSU Trust Fund
The CSU Trust is a Special Fund because it contains non-General Fund receipts. However, it is different from the other Special Funds because its monies do not have to be held in the State Treasury.
Executive Order 919

G. Local Agency Trust Account(s):

This term refers to bank accounts that are held outside of the State Treasury system. CSU has chosen, as a system wide policy, to place such monies in the management of a CSU approved outside investment firm.
D. Auxiliary Funds:

Monies received by the Auxiliary Organization (AO) pursuant to a Master Operating Agreement in which the University contracted with the AO to perform certain activities. Examples of these types of receipts include Revenues from:
- Grants and contracts (Sponsored Programs)
- Bookstore and foodservice operations (Commercial Operations)
- Workshops and sales of services, etc. (Campus Programs Operations)

“Auxiliary Funds” refer to monies that do not come from the State, are not held in the State Treasury system, which belong to the AO and are subject to AO rules plus certain CSU-imposed rules.
Agreements:

• **Master Operating Agreement:**
  A multi-year agreement between the CSU Board of Trustees (BOT) on behalf of a University with one or more of the University’s Auxiliary Organizations that outlines the activities that are permissible under the California Code of Regulations (Title 5, Section 42500) and authorized by the University to be conducted by the Auxiliary Organization.

• **Subsidiary Operating Agreement (Campus Programs Agreement)**
  This is a contract between the University and the Auxiliary Organization, which defines a specific activity that will be performed by the AO. A Subsidiary Operating Agreement can take several forms including Memoranda of Understanding (MOU) or university/auxiliary developed forms. The content must specify source of funds, responsibilities for any losses, and expenditure and operational control.
FACTORS AND DOCUMENT DETERMINING THE "OWNERSHIP" OF AN ACTIVITY

For the purposes of E.O. 919, ownership resides with the entity the University has determined the ultimate responsibility for the activity. Ownership of an activity by an auxiliary does not mean complete independence by the Auxiliary Organization since the Auxiliary operates for the purpose of supporting the University and operates within the agreed upon parameters that the University has delegated to the Auxiliary.
Ownership is evidenced by documenting which entity has the:
- Authority to sign related contracts
- Risk of business loss
- Legal responsibility and liability exposure
- Fiduciary duty
- Policies that will govern the conduct of the program
- Administrative control over expenditures

Ownership of an activity is not necessarily evidenced by which entity:
- Pays the employee or has signatory for the program
- Owns the facility where the activity occurs
- Has programmatic (i.e., subject-matter) control over expenditures
Other factors may influence a University decision whether to run an activity on the University or auxiliary side. For example: a University may decide to run an event on the auxiliary side in order to facilitate the hospitality aspects of the event.

- Once ownership has been determined by the University, it follows that:
- Funds will be administered and expended according to the policies and internal controls that apply to the entity owning the activity.
- Revenues and expenses will be reported in the financial statements of the entity owning the activity.
• E.O. 753

Reimbursement issues will need to be addressed if State General Fund resources are being used to support a non-General Fund activity.
CSUF ASC agrees to monitor and enforce the following:

• The Project funds will earn interest for accounts that do not fall below a minimum of $5,000 and will receive payment on a quarterly basis.
• The agreement will be reviewed on a 3 year cycle.
• To continue this project activity past the project termination date the form must be updated.
• Negative balances are **not allowed**; accounts with negative balances may be closed and will become the liability of the department associated with the liability of the department associated with the Project Director.
• Project information is provided on a monthly basis to the Project Director and others so designated.
Project Director’s Responsibilities include:

- Ensuring all funds expended on this project will be for the purposes described.
- Signature authority on this agreement.
- Ensuring expenditures are in compliance with the educational mission of CSUF-ASC.
- Complying with any and all ASC policies, procedures and/or university directives (as amended from time to time) including the hiring, payment and supervision of employees.
- Reviewing and monitoring this project and reporting any discrepancies upon discovery.
- Updating the signature each time the project is renewed or a designee changes.