

BUDGET MANAGER'S MEETING

JULY 17, 2018



BANKED FUNDS OVERVIEW

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Purpose of Banked Funds Presentation:

Provide clarity and transparency to Banked Funds

Review how Banked Funds are calculated

Explain how funds are recorded and tracked

Review how to request use of Banked Funds

Clarity and Transparency for Banked Funds

- Guidance was provided in the Banked Funds memo dated April 25, 2017 (Internal Bank Operations and FY18 Balances)
- Banked Funds Summaries for FY17 are found on unit shared drives
- FY18 calculation and communication
 - ✓ Final FY18 unit results: Late August/Early September
 - ✓ Calculation of Banked Funds: 7-10 days after final results are produced

Banked Funds Calculation

Definition: Banked Funds are calculated by comparing the Yearend Actuals to the Budget/Target. A distinction is made between Restricted and Unrestricted banked funds.

Example:

| | | FY18 YE | | |
|-----------------------|-------------|------------|-----------|---|
| All-Funds | FY18 Budget | Actuals | Variance | |
| Revenue | 62,877,059 | 72,380,334 | 9,503,275 | |
| Expense | 56,705,518 | 64,483,379 | 7,777,861 | |
| Net Surplus/(Deficit) | 6,171,541 | 7,896,955 | 1,725,414 |) |
| | | | | |
| | | | | |

Banked Funds

Banked Funds Calculation, continued.

Budget, Actuals, and Variance are split by Fund Type (Unrestricted, Restricted - Gift, Endowment and Sponsored Awards)

| FY18 Budget | | | | | |
|-----------------------|--------------|------------|------------|-----------|------------|
| | | | | | |
| | | Restricted | | Sponsored | |
| | Unrestricted | Gifts | Endowment | Awards | TOTAL |
| Revenue | 35,574,983 | 16,500,240 | 10,611,836 | 190,000 | 62,877,059 |
| Expense | 30,189,560 | 15,875,000 | 10,450,958 | 190,000 | 56,705,518 |
| Net Surplus/(Deficit) | 5,385,423 | 625,240 | 160,878 | - | 6,171,541 |



| FY18 Actuals | | | | | |
|-----------------------|--------------|------------|------------------|-----------|------------|
| | | | | | |
| | | Restricted | | Sponsored | |
| | Unrestricted | Gifts | Endowment | Awards | TOTAL |
| Revenue | 40,377,606 | 14,625,300 | 11,142,428 | 235,000 | 66,380,334 |
| Expense | 34,416,099 | 14,797,500 | 9,034,780 | 235,000 | 58,483,379 |
| Net Surplus/(Deficit) | 5,961,507 | (172,200) | 2,107,648 | - | 7,896,955 |

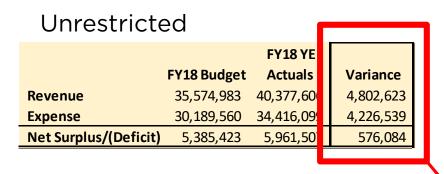
Variance

| | | Restricted | | Sponsored | |
|-----------------------|--------------|-------------|-------------|-----------|-----------|
| | Unrestricted | Gifts | Endowment | Awards | TOTAL |
| Revenue | 4,802,623 | (1,874,940) | 530,592 | 45,000 | 3,503,275 |
| Expense | 4,226,539 | (1,077,500) | (1,416,178) | 45,000 | 1,777,861 |
| Net Surplus/(Deficit) | 576,084 | (797,440) | 1,946,770 | - | 1,725,414 |
| | | | | | |
| Bankable Amount | 576.084 | (797,440) | 1.946.770 | - | 1.725.414 |

EQUALS

Unrestricted Banked Funds are Recorded and Maintained in FAS to ensure accurate tracking and proper accounting.

Unrestricted Banked Funds are recorded in unit specific accounts in CBI (Central Budget Items)/Exec 98.



| 98-499XXX Unrestricted Banked Surplus | Additions | Use | Net Change | Balance |
|--|-----------|---------|------------|-----------|
| | | | | |
| Beginning Balance | | | | - |
| | | | | |
| FY17 Unrest. Banked Surplus | 1,500,000 | | 1,500,000 | 1,500,000 |
| | | | | |
| FY18 Unrest. Banked Surplus | 576,084 | | 576,084 | 2,076,084 |
| | | | | |
| FY19 approved use of Bank (e.g. capital project) | | 500,000 | (500,000) | 1,576,084 |

How to Request Use of Unrestricted Banked Surplus



Use of Banked Funds Request Form

Instructions: Use this form to request the use of banked funds or accumulated fund balances to offset unexpected future deficits, smooth "lumpy" gift income, support one-time programmatic needs, provide start-up funds, fund entrepreneurial endeavors or help pay for capital projects. The use of banked funds or accumulated fund balances generally represents a "one-time" funding source. If this request is for an entrepreneurial or start-up program, you must submit a supporting business case along with this form that details the new program requirements, estimated costs of the new program, and a detailed plan and timeline for the program to generate sufficient revenue to become self-sustaining. The use of banked funds or accumulated fund balances for recurring expenditures without a corresponding plan for generating supporting revenues can lead to a fiscal cliff and missed financial targets. Please submit completed forms and all supporting documentation to your unit's budget analyst or via email to the Budget Office at budgetoffice@uchicago.edu.

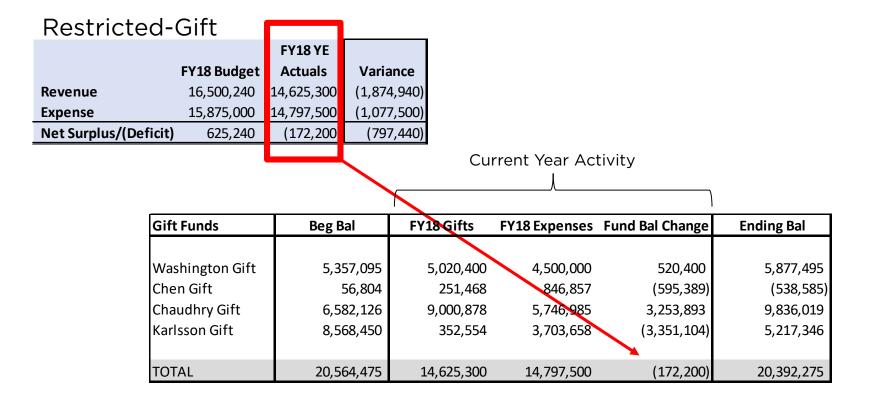
| Type of Request: | One-Time Entrepreneurial/Start-u | p X Capital □ Other |
|---|----------------------------------|------------------------|
| Requesting Unit: | | |
| Explanation for Use of Funds: | Capital Project: XXX | < |
| Total Amount of Request: | | |
| Type of Funda: | | ed Gifts and Endowment |
| For Use of Accumulated Fund Balance (Restricted Gifts and | Account | Amount (\$) |
| Endowment), List Fund Account(s) and Amount(s) to be | | |
| utilized. If more accounts are to be utilized than the number of | | |
| spaces provided, please attach a separate page with a complete | | |
| listing of account numbers and amounts to be utilized to fund | | |
| this request. | Total Amount of Request: | \$ 500,000 |
| Exec-level Approval: | Name | Date: |
| Budget Office Approval: | Name: | Date: |
| | | |

Goal of this form:

- Communicate on Missed Targets
- Protect against "Run on the Bank"
- Memorializes understanding with Provost's Office

Restricted Banked Funds are Recorded and Maintained in FAS in account Fund Balance.

Gift or Endowment amounts included in Banked Funds are a one-year subset of total Gift or Endowment Fund Balance.



When to request use of Banked Surplus?

Use of Banked Surplus must be requested, to:

- 1) Meet target
- 2) Fund a specific one-time operational need
- 3) Fund a capital project

How to Request Use of Restricted Banked Surplus



Use of Banked Funds Request Form

Instructions: Use this form to request the use of banked funds or accumulated fund balances to offset unexpected future deficits, smooth "lumpy" gift income, support one-time programmatic needs, provide start-up funds, fund entrepreneurial endeavors or help pay for capital projects. The use of banked funds or accumulated fund balances generally represents a "one-time" funding source. If this request is for an entrepreneurial or start-up program, you must submit a supporting business case along with this form that details the new program requirements, estimated costs of the new program, and a detailed plan and timeline for the program to generate sufficient revenue to become self-sustaining. The use of banked funds or accumulated fund balances for recurring expenditures without a corresponding plan for generating supporting revenues can lead to a fiscal cliff and missed financial targets. Please submit completed forms and all supporting documentation to your unit's budget analyst or via email to the Budget Office at budgetoffice@uchicago.edu.

| Type of Request: | □ a =: □ = : :::::: | n 🗆 Canital 🗀 Other |
|---|--------------------------------------|------------------------|
| Type of Request. | One-Time | p □ Capital □ Other |
| Requesting Unit: | | |
| Explanation for Use of Funds: | Fundraising fell short of bu | dget expectations |
| Total Amount of Request: | | |
| Type of Funda: | Unrestricted Bank Balance X Restrict | ed Gifts and Endowment |
| For Use of Accumulated Fund Balance (Restricted Gifts and | Account (#) | mount (\$) |
| Endowment), List Fund Account(s) and Amount(s) to be | Chen Gift (6-XXXXX) | 172,200 |
| utilized. If more accounts are to be utilized than the number of | | |
| spaces provided, please attach a separate page with a complete | | |
| listing of account numbers and amounts to be utilized to fund | | |
| this request. | Total Amount of Request: | \$172,200 |
| Exec-level Approval: | Name | Date: |
| Budget Office Approval: | Name: | Date: |

Goal of this form:

- Smooth lumpy fundraising/gift receipts
- Spending down prior year fund balances

Summary

 UC FY18 Bankable Funds Memo and UC FY18 Bankable Funds Request Form found at:

https://budgetoffice.uchicago.edu/resources-reports/

 FY18 Banked Funds Calculation, approximately 7-10 days after final FY18 results.

QUESTIONS?

Any questions, please contact your Budget Analyst or send email to budgetoffice@uchicago.edu.