



CSU, Chico
Research
Foundation

February 3, 2006

Whom It May Concern

Re: "Students for the Advancement of Global Entrepreneurship" (SAGE): A Chico State University and Research Foundation program

The purpose of this letter is to inform interested parties of the organizational structure of "Students for the Advancement of Global Entrepreneurship" (SAGE). SAGE is a program founded and operated by California State University, Chico business professor Curtis L. DeBerg, and is administered as a California State University, Chico program operating under either the (1) **University Foundation** and/or the (2) **CSU, Chico Research Foundation**. As the program director for SAGE, Dr. DeBerg is bound by the by-laws, policies and procedures of both foundations.

SAGE's Purpose

SAGE's mission at Chico State is to link business students to California high schools; each university student becomes a business consultant/mentor to an assigned high school team. This allows the university students to "serve" the greater community while they "learn" and "apply" what they are learning in their own business classes. This is known as "community service-learning." Under the helpful eyes of their assigned consultants from Chico State, the high school students complete programs during the academic year that relate to entrepreneurship and community service. The high school students are also taught the importance of ethical business practices, social responsibility, civic engagement and environmental awareness. At the end of April each year, Chico State hosts a state-wide tournament to determine which high school completed the most successful projects. The winner advances to the USA SAGE World Cup. Because of the success of the California SAGE program, other states and countries have now implemented their own SAGE programs (e.g., SAGE is now active in nine states and 12 countries).

Donor Contributions to SAGE

Depending on the donor's intent, a contribution to the Chico State SAGE program can be directed to either the (1) University Foundation or (2) Research Foundation. *Both organizations are private 501(c) (3), non-profit corporations that serve as auxiliaries to California State University, Chico.* The taxpayer identification number assigned to the University Foundation by the Internal Revenue Service (within the U.S Department of Treasury) is 95-1230865. The taxpayer identification number assigned to the Research Foundation by the Internal Revenue Service is 68-0386518.

If a donor's contribution to SAGE qualifies as a *gift* for the benefit of SAGE, it is directed to the University Foundation and deposited in Account 06183, "SAGE Fund." On the other hand, if the funds are a *grant* or *contract*, they are directed to the Research Foundation. A separate account is set up for such awards, and the accounting is administered by the Research Foundation.

History of the "University Foundation" and its Link to the "Research Foundation"

Until 1997, there was only one foundation on campus called the University Foundation. From 1940 to 1997, the nonprofit University Foundation was a marriage between *fund-raising* and *administration*. Together, they raised funds for activities for which state funds were insufficient and administered gifts, grants, and contracts.

Then in 1995, an outside consultant brought in to plan for the foundation's future advised that they would be better off apart. He felt their multiple focuses lessened their effectiveness, and he recommended that the foundation be split in two: one foundation for fund-raising and philanthropic endeavors and one for administering grants, contracts, and entrepreneurial activities.

In June 1997, the University Foundation's function became solely philanthropic, responsible for the university gift and endowment program. The newly formed CSU, Chico Research Foundation was spun off to assume responsibility for grants and contracts administration, along with entrepreneurial activities. The Research Foundation also contracts to provide gift and endowment administration services for the University Foundation.

Research Foundation: By-laws, Articles, and Board of Directors

The by-laws, articles of incorporation and current list of the Board of Directors for the Research Foundation can be found at <http://www.csuchico.edu/rfdn/>. It is governed by a 10-member Board of Directors consisting of campus administration, faculty, a student, and members of the community. The Foundation Executive Director is responsible to the Board of Directors for the administration of foundation activities and to the University administration for adherence to campus policy. As a private non-profit corporation, the Foundation is self-financed and receives no state appropriations. Foundation employees are not state employees. The Foundation's financial and personnel structures, while designed to serve the campus, are distinct from those of the University, and operational practices may vary from those of the campus. The Foundation must conform with non-profit corporation laws as well as the regulations and directives issued by the Trustees of the California State University.

The purpose of the Foundation is to help develop and administer those activities that aid and supplement the educational mission of CSU, Chico. As an auxiliary organization of CSU, Chico, the Foundation provides services functions. As a non-profit corporation, it facilitates the work of campus units and provides alternatives to state procedures. The

Foundation administers hundreds of projects annually with annual revenues of about \$34 million. The Foundation serves the University in the following major areas:

- Solicits and manages externally funded projects orientated toward research, education, or public service, and which present opportunities for creative activity and professional development.
- Provides a source of supplemental income and discretionary funds to support University needs, such as Faculty Incentive funds and activities which cannot be supported by State funds.
- Operates academically-related enterprises such as the University Farm and Communications Network Services (CNS), and operates the public radio station KCHO serving northern California.
- Acts as a fiscal agent for numerous campus programs - such as Regional and continuing Education, University Public Events, and the revenue-generating special projects of university departments- and provides gift administration services of the University Foundation.
- Funds and manages various ecological preserves, as well as property acquired for investment purposes or to provide space for university programs.
- Offers expertise and resources to communities in the University's regional service area by enabling such programs as the Center for Economic Development, the Geographical Information Center, the Satellite Education Network, Passages and KCHO.

The Research Foundation gets its income by taking administration fees for its activities. It then gives 60 percent of its net income back to the faculty in a Faculty Incentive Program, which professors use for professional development, travel, and research. The remaining 40 percent is used for the support of the university. One of the Research Foundation's contracts is with the University Foundation for administering the money raised by the University Foundation.

University Foundation: By-laws, Articles, and Board of Governors

The by-laws, articles of incorporation and current list of the Board of Governors for the University Foundation are attached. The University Foundation board is composed mostly of community members who are significant contributors to the University Foundation or in a position to advise others, such as attorneys or accountants. The University Foundation provides prospective donors with gift plans to match every donor's financial circumstance and area of interest.

SAGE Advisory Boards

SAGE has two advisory boards: the (1) SAGE Global Advisory Board (GAB) and (2) SAGE US Advisory Board (USAB). These boards are comprised of service providers, academics, entrepreneurs, social entrepreneurs, community leaders, and public officials

who consider it a priority that, for the sake of youth and the communities in which they live, entrepreneurship education in the classroom and the field be accelerated and extended, with the goals that the youth become self-reliant and better skilled to succeed in life and the communities in which they reside benefit directly because the youth become self-reliant and better skilled.

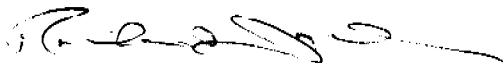
Members of SAGE GAB and USAB confer at their discretion periodically by e-mail about:

- possible collaborations in the classroom, domestically and abroad;
- possible collaborations in the field, domestically and abroad;
- possible collaborations on grant proposals, domestically and abroad;
- possible collaborations on sponsorship solicitations, domestically and abroad;
- possible collaborations on publicizing the need for youth entrepreneurship, domestically and abroad;
- possible collaborations on publicizing the need for youth social entrepreneurship.

When members believe that collaboration would better serve the interests of youth and the communities in which the youth reside, the members, each at her or his discretion, progress to a discussion of the details of collaboration.

To see a list of current SAGE board members, please visit <http://www.csuchico.edu/sage>.

Sincerely,



Richard Jackson
Secretary, CSU, Chico Research Foundation



Richard Ellison
Secretary, University Foundation