

**THE UNIVERSITY CORPORATION  
Board of Directors  
June 2, 2016**

A meeting of The University Corporation Board of Directors was called to order by First Vice President, Ben Yaspelkis at 3:04 p.m. on Thursday, June 2, 2016, in the Sierra Center Colleagues Room, California State University, Northridge. A quorum was present.

**Members Present:** Sevag Alexanian, Harvey Bookstein, Ronald Friedman, Dave Moon, Michael Phillips, Jorge Reyes, Louis Rubino, Michael Spagna, Talin Yahaiyan, Ben Yaspelkis

**Members Absent:** Cristina Cadavid, Dianne F. Harrison, Kenia Lopez, Jeffrey Perez De Leon, Bob Rawitch, Isaac Simon

**Staff Present:** Heather Cairns, Elizabeth Corrigan, Susan Dickman, Rick Evans, Georg Jahn, Tim Killops, Elizabeth Kioussis, Michael Lennon, Teresa Loren, Grace Slavik, Linda Turner, Lih Wu, Leslie Zazueta

**Others Present:** Amy Berger, Lisa Ben-Chaim, Dena Herman, Dawn Ellerbe Crawford

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**ITEM I APPROVAL OF MARCH 2, 2016 MINUTES**

**MSP (Phillips/Rubino): That the minutes of the March 2, 2016 Board of Directors meeting be approved as circulated.**

(Jorge Reyes arrived.)

**ITEM II SPONSORED PROGRAMS PRESENTATION**

Executive Director, Rick Evans introduced Prof. Dena Herman, Department of Family and Consumer Sciences. Prof. Herman provided an overview of her funded research in the relationship of children's dietary habits and gut bacteria; weight loss; food insecurity and mental health; and maternal and child nutrition leadership training.

Harvey Bookstein asked about reasons for not receiving an award. Prof. Herman responded that they vary. Competition is high and CSUN often does not have the necessary resources, so may collaborate with a research university to increase chances for funding.

(Ron Friedman arrived.)

Louis Rubino asked Dr. Herman to comment on the challenges she faces. Dr. Herman responded that much time is spent managing grants, adding that Principle Investigators could be more productive if they had administrative support, so that they could focus on the actual research. Dr. Rubino responded that opportunities are lost because of strict rules where flexibility is needed. Michael Spagna added that it is not just the barriers but also the infrastructure. Mr. Evans commented on the importance of these discussions given that one of the university's planning priorities is increasing research. He thanked Prof. Herman for the presentation.

### ITEM III MATADOR ATHLETICS

Mr. Evans stated that several years ago the Board had directed the Corporation to engage more actively with Athletics, leading to the Corporation's community engagement initiative.

Program and Marketing Manager, Susan Dickman described the Corporation's partnership with Athletics as a change agent, and introduced Associate Athletics Director, Dawn Ellerbe Crawford. Ms. Crawford reported that in 2014, the Committee for Athletics and Student Engagement (CASE) was formed, a diverse group of campus partners that work on programs, such as pep rallies, spirit parades, and pre-game events. Attendance at athletics events has increased as a result of these efforts. Ms. Dickman reported on the new Matador shirt, designed by a student and distributed at various events, including New Student Orientation. "Matatude Tuesdays" were re-introduced, inviting students, faculty and staff to show their school pride by wearing red.

Ms. Crawford reported that CSUN is the first public, West Coast school to partner with Under Armour; the five-year agreement includes all sports. Ron Friedman opined that to increase community involvement, a proper arena is needed.

### ITEM IV APPOINTMENTS TO THE BOARD OF DIRECTORS

Dr. Yaspelkis reviewed the University President's appointments to the Board, terms to begin on July 1, 2016.

Administration: The term of Michael Spagna will expire on June 30, 2016. The University President has made the following appointment:

Michael Spagna (reappointed)	Three-year term (2016-2019)
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Faculty: The terms of Louis Rubino and Ben Yaspelkis will expire on June 30, 2016. Additionally, Jennifer Matos has retired, leaving one year remaining on her term. The University President has made the following appointments:

Hamid Johari	One-year term (2016-2017) (to complete the term of Jennifer Matos)
Louis Rubino (reappointed)	Three-year term (2016-2019)
Ben Yaspelkis (reappointed)	Three-year term (2016-2019)

Community: The term of Harvey Bookstein will expire on June 30, 2016. The University President has made the following appointment:

Harvey Bookstein (reappointed)	Three-year term (2016-2019)
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*Students:* The terms of Sevag Alexanian, Jeffrey Perez De Leon and Talin Yahiyayan will expire on June 30, 2016. The University President has made the following appointment:

Sevag Alexanian (reappointed)	Two-year term (2016-2018)
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The remaining two vacancies will be filled over the summer.

**ITEM V                      NOMINATING COMMITTEE REPORT AND ELECTION OF OFFICERS**

Chair Dianne Harrison appointed Ben Yaspelkis and Sevag Alexanian to the nominating committee. Mr. Alexanian presented the committee's recommendations for officers:

<i>Chair</i>	Dianne Harrison
<i>First Vice President</i>	Ben Yaspelkis
<i>Second Vice President</i>	Sevag Alexanian
<i>Treasurer</i>	Michael Phillips
<i>Recording Secretary</i>	Michael Spagna

**MSP (Reyes/Friedman): That The University Corporation Board of Directors approve the nominating committee recommendations for officers, one year terms to begin July 1, 2016.**

**ITEM VI                      RECEIPT OF MAY 5, 2016 EXECUTIVE COMMITTEE MINUTES AND CONSIDERATION OF ACTION ITEMS**

The minutes were received.

***Information Item:***

**A.      Hotel and Catering Kitchen Update (Executive Committee Agenda Item 5)**

CFO Lih Wu reported that five responses were received to the Request for Qualifications (RFQ) and four firms were interviewed. Two firms will receive the Request for Proposal package in late summer. The hotel developer will be selected in the fall. Real estate attorneys also have been interviewed.

Mr. Evans advised that construction of the hotel will necessitate construction of a campus catering kitchen, at an estimated cost of \$1.5 million, to be split evenly between the Corporation and the university. The Corporation's share is reflected in the proposed 2016/17 budget; the funds will not be spent until a hotel deal is finalized. A location at the rear of the bookstore complex has been identified for the catering kitchen. Mr. Bookstein asked about odors in the bookstore. Tim Killops, Associate Director of Facilities responded that the kitchen will be properly vented and that the bookstore 'back of house' will separate the kitchen from the retail floor. Ron Friedman asked why a catering kitchen was needed. Mr. Evans responded that every CSU school is required to have a campus catering function. The hotel will not cater events on campus. Michael Spagna added that there are issues with off-campus caterers, such as late arrivals, difficulties finding locations, etc.

*Discussion and Action Item:*

B. 2016/17 Operating Budget (Executive Committee Agenda Item 6)

Mr. Evans reviewed the Executive Summary and stated that while bookstore sales are expected to continue to decrease, bookstore operator, the contract with Follett Higher Education Group (Follett) includes a minimum guarantee of \$1,224,000. Sponsored Programs revenue is expected to increase moderately. Food Services faces increasing pressures. Mr. Evans stated that although the budget is facing challenges the Corporation's financials are currently still strong, net assets continue to grow, and reserves are well-funded. The FY 2016/17 budget realizes almost \$1 million in Net Cash Generated after meeting the \$1.25 commitment to the University. However, in light of the budget challenges, needed staff positions will not be added, rather additional duties will be assigned to current staff.

The Executive Director continued that in 2016/17 the Corporation will strategize its information technology needs, partner with the University on the campus hotel and on long-term planning for North Campus. Renovations to the CSUN Reseda Annex will be completed and the building will become fully occupied and operational.

FY 2015/16 Net Cash Generated is projected at \$1,282,000, below the budgeted \$1,359,000. The FY 2016/17 budget anticipates a further drop to \$941,000. The budget reflects the \$1.25 million payment to the University; a 2% general salary increase for administrative staff, and the California minimum wage increase to \$10.50, effective July 1, 2016. The largest single negative impact is the anticipated decrease in the number of meal plans sold, due to a higher student housing vacancy rate related to impaction and fewer international students. The budget anticipates a further 8% reduction in bookstore commissions and a moderate increase in Sponsored Programs.

The Corporation proposes transferring \$300,000 from Net Cash Generated to the Real Estate Reserve, bringing the fund total to \$1.5 million. A Catering Kitchen Reserve of \$750,000 is proposed. The Corporation anticipates spending down the current Matador Bookstore Complex Building Reserve with needed HVAC system upgrades and roof repairs, estimated at \$1.6 million, to be undertaken after the Tseng College of Extended Learning vacates a large portion of the building in 2016/17.

Mr. Evans added that he and CFO, Lih Wu will develop three-year budget strategies to present to the Board.

**MSP (Phillips/Friedman): That The University Corporation Board of Directors approve the 2016/2017 operating budget as proposed. (Appendix A)**

**ITEM VII HELP MAKE CSUN SHINE BRIGHT – CAMPUS INPUT REGARDING FOOD SERVICES**

Mr. Evans described the "Help Make CSUN Shine Bright" program launched by University President, Dianne Harrison in 2012 and managed by the Corporation. For spring 2016, the topic presented to the campus community for input related to the campus dining experience. He asked Elizabeth Corrigan, Associate Director of Dining Services to report.

Ms. Corrigan stated that the feedback reinforced the importance of ongoing efforts, such as enhancing vegetarian and vegan menu selections and incorporating seasonal ingredients. The survey made it clear that the Corporation must do a better job of identifying the various available food options (vegetarian, vegan, Kosher, etc.) and ingredients, and should post information regarding food handling training that food staff are required to complete. In conjunction with the College of Family and Consumer Sciences' Magaram Center, CSUN Dining will launch an 'app' in the fall semester to provide information about food served on campus.

Michael Lennon, Associate Director of Retail Services added that the survey results emphasized the importance of convenience and pricing to the campus community; the Corporation will work to better communicate operating information and to better inform customers about lower-cost options. The need for additional seating at food venues will be addressed as units are refurbished/renovated. The Corporation will do a survey with the campus vending provider to ensure adequacy of vending services. A committee has been established to investigate a campus 'one card.'

In response to a question from Michael Spagna regarding food insecurity, Ms. Corrigan responded that various departments have come together to establish a food pantry and to consider programs that have been implemented at other schools. Unsold food items are collected regularly from Freudian Sip units by students from the Food Recovery Network and sent to the San Fernando Valley Rescue Mission.

#### ITEM VIII ANNOUNCEMENTS

Mr. Evans congratulated Talin Yahiayan on her graduation and thanked her for her service on the Board.

Mr. Evans congratulated Harvey Bookstein on receiving a CSUN honorary doctorate in humane letters during commencement week.

Louis Rubino commented that the Corporation should consider gender and ethnic diversity in its composition.

There being no further business, the meeting adjourned at 4:46 p.m.

Respectfully submitted,



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Michael Spagna, Recording Secretary

# OPERATING BUDGET

Proposed for Fiscal Year 16/17



The University Corporation  
Research, Investments and Commercial Services  
California State University, Northridge

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**The University Corporation  
Fiscal Year 2016-2017 Budget Summary**

		<b>Budget FY 15/16</b>	<b>Projected FY 15/16</b>	<b>Budget FY 16/17</b>
<b>Surplus/(deficit) by operating unit:</b>				
Bookstore	<i>(Note A)</i>	\$ 1,311,916	\$ 1,504,859	\$ 1,398,569
Food Services		1,703,745	1,439,005	1,274,991
Real Estate		(273,064)	(219,570)	(278,754)
General & Administrative	<i>(Note B)</i>	(2,361,119)	(2,386,745)	(2,741,965)
Sponsored Programs service fee @ 3.9%		1,209,000	1,209,000	1,248,000
<b>Total surplus from operations</b>		<u>1,590,478</u>	<u>1,546,549</u>	<u>900,841</u>
<b>Add back depreciation expense</b> <i>(non cash expense)</i>		2,090,149	2,084,505	2,443,640
<b>Cash generated from operations</b>		<u>3,680,627</u>	<u>3,631,054</u>	<u>3,344,481</u>
<b>Cash reductions</b>				
Capital expenditures		(300,000)	(327,000)	(300,000)
Principal payments on debt service		(772,000)	(771,778)	(853,000)
Contribution to campus		(1,250,000)	(1,250,000)	(1,250,000)
<b>Total cash reductions</b>		<u>(2,322,000)</u>	<u>(2,348,778)</u>	<u>(2,403,000)</u>
<b>Net cash generated to replenish reserves</b>		<u>\$ 1,358,627</u>	<u>\$ 1,282,276</u>	<u>\$ 941,481</u>

**Notes:**

(A) Projected 15/16 and the budget for 16/17 include \$200,000 each resulting from the amortization of \$1,000,000 rec'd from Follett in July 2015.

(B) Actual 14/15 results include additional \$151,000 Pepsi money resulting from new agreement.



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The University Corporation

Balance Sheet  
Estimated as of June 30, 2016

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## BALANCE SHEET

*Estimated for June 30, 2016 & June 30, 2017*

The balance sheet helps to assess the financial condition of a corporation by showing how operations affect the value of that corporation, the nature of its assets and liabilities, and the type and depth of the net assets ('retained earnings' in a for-profit environment).

The estimated balance sheet for 6/30/16 reflects the impact of FY 15/16 operations in comparison to 6/30/15. The balance sheet for 6/30/17 estimates the impact of the proposed FY 16/17 budget compared to the 6/30/16 balance sheet. Significant changes are described below.

### *Significant Changes for estimated Year Ending 6/30/16*

FY 15/16 operations resulted in an increase of \$871,000 in total assets from the 6/30/15 actual balance sheet. The \$1,000,000 cash payment included in the operating agreement extension with Follett Higher Education Group (Follett) and the continued renovation of the Reseda Annex, purchased in FY 14/15 are the two major contributing factors to this increase.

### *Footnotes for Significant Changes*

1. Amidst a challenging investment climate in FY 15/16, the total cash/investment balance increased by \$1.4 million, of which \$1 million is the Follett payment, offset by much lower investment gains/loss during the year. The \$1 million Follett payment will be amortized over a five-year period, from FY 15/16 to FY 20/21.
2. Accounts Receivable is lower by \$738,000, primarily due to the draw-down of approximately \$700,000 from the \$800,000 System-wide Revenue Bond (SRB) financing related to renovation of the Reseda Annex.
3. Net Fixed Assets reflects an increase of \$487,000:
  - a. \$2.6 million increase in gross fixed assets:
    - \$700,000 for Reseda Annex
    - \$1,582,000 for Bamboo Terrance
    - \$116,000 for Freudian Sip at Student Housing.
    - \$189,000 for Matador Mercado-Student Housing
  - b. Reduced by the \$2.1 million projected depreciation expense for the year, resulting in an increase to accumulated depreciation, which means a net increase to fixed assets.
4. A \$1 million increase in deferred revenue, the unamortized portion of Follett's one-time payment accounted for \$800,000.
5. A net decrease of \$837,000 in combined long-term debts and lease liability reflects the re-classification to the short-term obligations and some were paid off as part of the regular repayment of debt service for the year.

### *Footnotes for Significant Changes from 6/30/16 to 6/30/17*

The balance sheet for 6/30/17 reflects the impact of the proposed FY 16/17 budget on TUC's 6/30/16 financial position. Those categories with significant changes are detailed below.

6. A reduction of \$1 million in combined cash/investments to pay for several major capital projects, including a catering kitchen to replace the Orange Grove Bistro (OGB), remaining Reseda Annex renovations, Matador Book Store Complex (MBC) HVAC and roof replacement. Demolition of the OGB is planned as part of the on-campus hotel project, which will commence development/construction in summer 2017. To ensure uninterrupted catering service to the campus, a catering kitchen will be needed, construction to begin January 2017. The cost of the kitchen is estimated at \$1.5 million. TUC and CSUN will each fund half.
7. Net Fixed Assets reflects a \$1.6 million increase, the details of which are as follows:
  - a. \$4.05 million increase in gross fixed assets:
    - MBC HVAC and roof replacement – \$1,550,000
    - MBC bathrooms and elevator refresh -\$123,000
    - Remaining capital improvements for Reseda Annex – \$681,000
    - Catering kitchen – \$1,500,000
    - Equipment and software per FY 16/17 capital budget – \$177,000
  - b. Offset by FY 16/17 depreciation expense of \$2.44 million, which results in an increase to accumulated depreciation and a reduction to fixed assets.
8. A decrease of \$273,000 in deferred revenue due to the amortization of Follett's one-time payment over five years.
9. Decrease of (\$452,000) in long-term debts/lease liability is caused by moving the scheduled FY 17/18 long-term lease liability payments to short term liabilities, which are included in the total year-end Accounts Payable balance.

**The University Corporation  
Balance Sheet  
Estimated for June 30, 2015 & 2016 & 2017**

	Comparative Balance 6/30/2015	Estimated Balance 6/30/2016	Estimated Balance 6/30/2017
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,822,428	\$ 5,871,816 (1)	\$ 4,471,816 (6)
Short-Term Investments	6,058,218	8,628,516 (1)	8,803,292 (6)
Accounts Receivable	1,801,097	1,062,848 (2)	1,412,848
A/R Grants & Contracts	3,928,272	3,587,005	3,337,005
Prepaid Expenses	51,422	30,410	30,410
Inventories	273,794	338,596	338,597
Investments	17,061,200	13,860,995 (1)	14,086,219 (6)
Fixed Assets, net	23,836,000	24,323,489 (3)	25,927,565 (7)
<b>Total Assets</b>	<u>\$ 56,832,431</u>	<u>\$ 57,703,676</u>	<u>\$ 58,407,752</u>
<b>Liabilities</b>			
Accounts Payable	\$ 2,411,722	\$ 2,207,205	\$ 2,192,252
Accrued Liabilities	5,804,572	5,869,148	6,051,897
Deposits Held in Custody for Others	2,109,787	1,531,640	1,531,640
Deferred Revenue	1,184,845	2,201,181 (4)	1,927,661 (8)
Long-Term Debt Mortgages	90,569	74,342 (5)	58,115 (9)
Long-Term Debt Bonds	7,168,775	6,712,884 (5)	6,642,314 (9)
Long-Term Lease Liability	7,505,000	7,140,000 (5)	6,775,000 (9)
<b>Total Liabilities</b>	<u>26,275,270</u>	<u>25,736,400</u>	<u>25,178,879</u>
<b>Net Assets</b>			
Beginning Balance (unrestricted)	25,849,505	26,693,368	28,103,483
Permanently restricted	3,863,793	3,863,793	3,863,793
Current year surplus/(loss)	843,863	1,410,115	1,261,597
<b>Total Net Assets</b>	<u>30,557,161</u>	<u>31,967,276</u>	<u>33,228,873</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 56,832,431</u>	<u>\$ 57,703,676</u>	<u>\$ 58,407,752</u>

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The University Corporation

Statement of Reserves  
Estimated as of June 30, 2016

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**STATEMENT OF RESERVES**

*Estimated for June 30, 2016 and July 1, 2016*

The Statement of Net Asset Reserves is separated into long-term and short-term reserves. The roll forward format reflects the changes that have occurred during the past year. TUC utilizes investment income from the long-term investment pool to replenish reserves linked to long-term investments, and net cash generated to replenish reserves linked to short-term investments.

***Reserves linked to long-term investments:***

1. Sponsored Programs Reserve for Disallowances. Used to cover disallowed costs, as well as extraordinary, irregular or unbudgeted sponsored programs administration costs. According to the customary reserve calculation based on current level of sponsored programs activity, the recommended reserve balance is \$772,000. The projected addition to this reserve for FY 15/16 is \$26,000, bringing it to \$750,000, or 97.2% of the calculated reserve requirement.
2. Sierra Center Building Reserve. Established for major repairs and renovations to the Sierra Center building, the yearly allocation is \$100,000, with a target balance of \$500,000. The projected reserve balance as of July 1, 2016 will be \$376,000.
3. Arbor Court Building Reserve. Established for major repairs and renovations to the Arbor Court building, the yearly allocation is \$25,000 with a target balance of \$100,000. This reserve has been fully funded as of July 1, 2015.
4. University House Reserve. Established for future renovation of University House. The yearly allocation is targeted at \$100,000. With the addition of \$15,000 in FY 15/16, the reserve will be fully funded by July 1, 2016.
5. Current Operations Reserve. Required by California Education Code, provides contingency funding for unforeseen events. The Board approved \$600,000 for this reserve, approximately three months' General & Administrative expenditures.
6. Working Capital Reserve. Required by California Education Code, provides emergency funds for operational commitments as needed, including receivables financing for grants and contracts billed in arrears. The Board approved a reserve balance of \$2 million, based on an average grants and contracts volume of \$28-\$30 million.
7. Unplanned Capital Replacement Reserve. Required by California Education Code, covers the largest system failure that might occur outside the normal annual capital budget. The Board approved \$400,000 for this reserve.
8. Undesignated General Reserve. Depository for all funds added to the long-term reserves and the source of transfers to other reserve accounts. Primary source of funds is investment gains from the long-term investment pool.

Projected activity for FY 15/16 is as follows:

Beginning reserve balance	\$1,688,057
Less: Estimated investment loss	(100,000)

Less: Transfers to other long-term reserves	<u>(115,000)</u>
Estimated ending reserve balance	<u>\$1,473,057</u>

**Reserves linked to short-term investments:**

1. Real Estate Reserve. Established to purchase real property for the university's strategic needs, the Board approved a \$1.5 million starting balance for this reserve. It is replenished when funds are available and approved by the Board. In FY 14/15, \$1,000,000 was added to the reserve, of which \$600,000 was allocated to the Reseda building (\$400,000 toward acquisition and \$200,000 for renovations). To maintain sufficient funds for future real estate acquisitions and to reach the target reserve balance of \$1.5 million, \$305,414 is requested at this time.
2. Catering Kitchen: A new reserve is needed to fund a catering kitchen when the Orange Grove Bistro makes way for an on-campus hotel. The total cost kitchen is estimated at \$1.5 million; TUC and the university will each allocate \$750,000 toward this project.
3. Real Estate Repairs & Maintenance Reserve. Established for unforeseen major repairs and maintenance related to TUC's housing programs. In FY 15/16 the smoke alarms in the College Court townhomes, single-family homes and University House were replaced with ten-year-battery alarms, as required by city ordinance. With the requested \$33,662 replenishment from Net Cash Generated, this reserve balance will reach the target amount of \$50,000 as of July 1, 2016.
4. Sponsored Programs Reserve for IT Improvements. Established in 2010 for Sponsored Programs- related information technology improvements, the amount of this reserve is \$50,000.
5. Matador Bookstore Complex (MBC) Building Reserve. Established for major MBC repairs and renovations. With the requested transfer of \$250,000, the balance as of July 1, 2016 will be \$1,565,200, just enough for the roof replacement on the west side of the MBC and HVAC renovation on the east side. Replenishment of this reserve will continue at \$250,000 annually in FY 17/18.
6. Net cash generated to replenish reserves. This summary reflects the projected FY 15/16 net cash generated for short-term reserve requirements and associated activity.

Beginning balance	\$150,023
Add: Net cash generated to replenish reserves	1,282,276
Less: Transfer to Real Estate Reserve	(305,414)
Transfers to Catering Kitchen Reserves	(750,000)
Transfer to Real Estate R&M Reserve	( 33,662)
Transfer to MBC Building Reserve	<u>(250,000)</u>
Estimated ending balance	<u>\$93,223</u>

The University Corporation  
 Schedule of reserves  
 Projected 6/30/16 & 7/1/16 balances

Reserves linked to long-term investments:	7/1/15 Balance	Additions	Activity	Projected 6/30/16 Balance	Requested Transfers	Projected 7/1/2016 Balance
<b>Name</b>						
<b>Specific Purpose</b>						
1. Sponsored Projects Reserve for Disallowances (Funded by the IDC recovery fund)	\$ 724,000	26,000 \$	-	\$ 750,000		\$ 750,000
2. Reserve for Sierra Center Building	276,000			276,000	100,000	376,000
3. Reserve for Arbor Court Building	100,000			100,000		100,000
4. Reserve for University House	85,000			85,000	15,000	100,000
5. Current Operations Reserve Required by Education Code: (Board established level of \$600,000)	600,000			600,000		600,000
6. Working Capital Reserve (Board established level of \$2,000,000)	2,000,000			2,000,000		2,000,000
7. Unplanned Capital Replacement Reserve (Board established level of \$400,000)	400,000			400,000		400,000
8. Undesignated general reserve - long term	1,688,057		(100,000)	1,588,057	(115,000)	1,473,057
<b>Total Long-term Reserves</b>	\$ 5,873,057	\$ 26,000	\$ (100,000)	\$ 5,799,057	\$ -	\$ 5,799,057
<b>Reserves linked to short-term investments:</b>						
1. Real Estate Reserve (Includes \$200K for the Reseta Annex building project; the \$200K was provided in FY 2015-16 as part of the original \$600K investment/allocation by TUC)	\$ 1,194,586	\$ -	\$ -	\$ 1,194,586	\$ 305,414	\$ 1,500,000
2. Catering Kitchen	-				750,000	750,000
3. Repairs & Maintenance Reserve for Real Estate	25,350		(9,012)	16,338	33,662	50,000
4. Sponsored Projects Reserve for IT Improvements	50,000			50,000	-	50,000
5. Reserve for MBC Building	1,315,200			1,315,200	250,000	1,565,200
6. Reserve for future Student Housing-Related Projects a. Bamboo Terrace, FS, Mercado	2,768,494		(2,768,494)	-	-	-
7. Net cash generated to replenish reserves	150,023	1,282,276	-	1,432,299	(1,339,076)	93,223
<b>Total Short-term Reserves</b>	\$ 5,503,653	\$ 1,282,276	\$ (2,777,506)	\$ 4,008,423	\$ -	\$ 4,008,423
<b>Total Reserves</b>	\$ 11,376,710	\$ 1,308,276	\$ (2,877,506)	\$ 9,807,480	\$ -	\$ 9,807,480



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# The University Corporation

Division Budgets

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## CONSOLIDATED BUDGET REPORT OF ALL DIVISIONS

Following is a summary spreadsheet detailing the operating budgets of all TUC divisions, including:

- General and Administrative
- CSUN Campus Store
- Food Services
- Real Estate
- Sponsored Programs

Following the Consolidated Budget Report are the individual division budgets and accompanying narratives.

THE UNIVERSITY CORPORATION  
FOOD SERVICES

REAL ESTATE

OPERATIONAL SUMMARY

SPONSORED PROGRAMS

REAL ESTATE

	GENERAL & ADMINISTRATIVE			CSUN CAMPUS STORE			REAL ESTATE			SPONSORED PROGRAMS			OPERATIONAL SUMMARY		
	Budget	Projected	Proposed	Budget	Projected	Proposed	Budget	Projected	Proposed	Budget	Projected	Proposed	Budget	Projected	Proposed
	2015-2016	2015-2016	2016-2017	2015-2016	2015-2016	2016-2017	2015-2016	2015-2016	2016-2017	2015-2016	2015-2016	2016-2017	2015-2016	2015-2016	2016-2017
Revenue:															
Bookstore Commissions	0	0	0	0	0	0	0	0	0	0	0	0	1,418,700	1,613,049	1,489,283
Food Service Sales	0	0	0	16,653,306	16,256,945	15,770,097	0	0	0	0	0	0	16,863,305	16,258,945	15,770,097
Food Service Commissions/Other Income	0	0	0	693,625	696,683	736,470	0	0	0	0	0	0	583,625	595,683	736,470
Real Estate Rentals	0	0	0	0	0	0	1,193,272	1,147,388	1,239,974	0	0	0	1,193,272	1,147,388	1,239,974
Grants & Contracts	0	0	0	0	0	0	0	0	0	0	0	0	27,555,556	27,318,758	28,318,594
Indirect Cost Recovery	0	0	0	0	0	0	0	0	0	0	0	0	3,444,444	3,681,242	3,681,418
Licensing	85,000	\$ 85,000	\$ 90,000	0	0	0	0	0	0	0	0	0	85,000	85,000	90,000
Rental Income	661,497	663,984	660,890	0	0	0	0	0	0	0	0	0	661,497	663,984	660,890
Endowment Admin. Fee	140,000	130,000	130,000	0	0	0	0	0	0	0	0	0	140,000	130,000	130,000
Other Income	458,020	472,287	488,216	0	0	0	0	0	0	0	0	0	458,020	472,287	488,216
<b>Total Revenue</b>	<b>1,344,517</b>	<b>1,351,191</b>	<b>1,366,806</b>	<b>17,536,930</b>	<b>16,946,827</b>	<b>16,506,857</b>	<b>1,133,272</b>	<b>1,147,388</b>	<b>1,239,974</b>	<b>31,000,000</b>	<b>31,000,000</b>	<b>32,000,000</b>	<b>52,493,419</b>	<b>52,057,255</b>	<b>52,612,600</b>
Operating Expenses:															
Costs & Contracts Direct Expenditures	0	0	0	6,254,217	6,327,013	6,330,048	0	0	0	27,555,556	27,318,758	28,318,594	27,555,556	27,318,758	28,318,594
Cost of Goods Sold	1,325,957	1,353,080	1,424,108	4,575,760	4,280,562	4,165,686	77,802	79,793	88,360	486,997	500,115	505,306	6,254,217	6,327,013	6,330,048
Salaries & Wages	489,089	494,037	532,509	1,119,443	1,044,324	1,022,387	27,282	27,590	33,947	157,937	157,051	175,021	1,814,831	1,744,206	1,772,912
Temporary Help	0	0	9,000	0	0	0	0	0	0	0	0	0	0	0	9,000
Allowance for Doubtful Accounts	0	0	0	384,780	307,990	287,165	0	0	0	0	0	0	384,780	328,594	316,161
Bank Charges	18,956	18,634	18,956	0	0	0	0	0	0	0	0	0	0	0	0
Blgd/Operating/Health Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Building/Sanitation/Custodial	181,798	176,151	192,085	142,147	198,569	217,385	27,048	27,775	28,836	0	0	0	350,993	402,485	439,307
Communications/Telephone/Pagers	31,062	30,668	35,269	26,301	23,091	25,283	2,676	2,679	2,780	2,340	2,475	2,500	62,379	63,813	68,812
Depreciation & Amortization	430,110	455,527	602,362	1,234,239	1,244,458	1,343,577	375,159	394,874	446,055	8,490	9,125	7,850	2,090,149	2,094,505	2,443,640
Dues & Subscriptions	14,776	17,502	17,734	26,385	31,438	27,728	7,248	7,248	6,324	2,000	2,995	10,560	58,888	65,419	69,636
Equipment/Equipment Rental	16,780	21,156	28,128	137,123	133,385	123,233	0	0	0	0	0	0	155,903	157,537	162,911
Fees	0	31	0	595,523	500,901	466,253	128,700	138,600	148,500	0	0	0	595,222	639,532	643,793
Royalties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Freight/Postage/Mail Service	13,400	16,495	15,900	0	483	0	788	789	888	2,960	2,045	2,960	17,148	18,811	19,748
Insurance	126,244	127,993	131,448	42,744	42,728	40,890	22,104	22,107	21,132	25,056	25,046	23,952	225,888	232,001	231,480
Interest Expense	175,256	179,256	169,800	163,164	163,164	149,654	280,362	215,812	220,416	0	0	0	602,912	555,232	593,880
Taxes & Licenses	8,480	5,003	10,250	3,972	4,539	5,372	135,912	135,037	136,728	0	0	0	160,144	145,225	153,980
Legal & Audit Fees	58,930	51,374	55,004	1,200	500	960	8,820	13,429	8,880	25,100	24,950	25,768	484,295	549,794	503,708
Marketing/Advertising	3,000	424	3,000	457,179	533,675	484,724	10,116	10,116	11,484	0	0	0	0	0	0
Paper Goods	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parking & Security	903	1,049	903	10,546	13,260	12,070	0	0	4	0	0	0	11,449	14,322	12,573
Professional Services	390,524	387,957	413,394	135,262	167,402	181,481	26,196	29,568	36,636	58,800	75,989	125,232	610,762	640,316	737,703
Rent/Lease Expense	0	0	0	0	2,000	0	0	0	0	0	0	0	0	2,000	0
Utilities	247,851	238,553	247,946	261,753	242,303	257,076	10,200	10,481	8,064	0	0	0	519,804	487,337	512,988
Repairs & Maintenance	107,166	118,446	110,881	249,456	266,920	246,419	272,566	294,182	292,740	0	0	0	623,257	679,529	649,820
Supplies	40,265	32,761	41,183	287,013	339,520	299,009	6,300	6,195	6,300	(10,888)	(24,934)	(7,500)	302,590	353,542	337,942
Training/Conference Fees	7,500	8,291	6,800	14,015	10,925	15,415	1,380	1,945	2,100	18,420	1,156	0	47,316	22,317	24,315
Travel/Expatriality	20,000	24,718	44,435	30,004	22,401	11,200	4,560	8,785	6,180	39,850	45,627	59,450	94,094	101,788	121,268
<b>Total Operating Expenditures</b>	<b>3,705,636</b>	<b>3,737,656</b>	<b>4,103,771</b>	<b>15,853,185</b>	<b>15,505,623</b>	<b>15,231,876</b>	<b>1,405,336</b>	<b>1,356,938</b>	<b>1,516,728</b>	<b>28,381,858</b>	<b>28,150,627</b>	<b>29,250,673</b>	<b>48,433,939</b>	<b>48,870,355</b>	<b>50,210,432</b>
<b>Net Surplus (Deficit) Before G&amp;A</b>	<b>(2,361,119)</b>	<b>(2,386,465)</b>	<b>(2,744,965)</b>	<b>1,703,745</b>	<b>1,439,005</b>	<b>1,274,981</b>	<b>(273,064)</b>	<b>(219,570)</b>	<b>(276,754)</b>	<b>2,618,002</b>	<b>2,849,373</b>	<b>2,749,327</b>	<b>2,689,460</b>	<b>3,186,521</b>	<b>2,402,168</b>
G&A Related Overhead															
Allocation of General & Administrative	(2,361,119)	(2,386,465)	(2,744,965)	508,632	518,208	657,245	172,818	176,652	224,095	1,209,000	1,209,000	1,249,000	1,409,002	1,840,373	1,501,327
<b>Net Cash (Deficit) From Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,195,813</b>	<b>920,797</b>	<b>617,646</b>	<b>(445,882)</b>	<b>(396,232)</b>	<b>(502,849)</b>	<b>1,409,002</b>	<b>1,640,373</b>	<b>1,501,327</b>	<b>1,590,479</b>	<b>1,546,546</b>	<b>900,841</b>
SPONSOR PROGRAMS															
Add Back Depreciation (non cash flow)															
Less:															
contribution to campus															
principal pymts/debt service															
budgeted capital expenditures															
<b>Net cash generated to replenish reserves</b>	<b>1,558,627</b>	<b>1,282,376</b>	<b>941,461</b>												

Note: The G&A allocations to sponsored programs is per the contractual agreements of 3.9% on the level of revenue for FY 16/17  
 The difference between the G&A summary page allocations and the consolidated budget report for sponsored programs is prorated to the commercial divisions.  
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## GENERAL AND ADMINISTRATIVE (G&A)

There are six departments in the G&A Division: Executive, Financial Services, Human Resources, Matador Bookstore Complex (MBC), Sierra Center, and Arbor Court. The MBC operation includes all facilities-related expenses and rental revenue from the College of Extended Learning and QuickCopies, in addition to common area maintenance reimbursement from Panda Express and El Pollo Loco.

### *Fiscal Year 15/16 Projection*

	<b>15/16 Budget</b>	<b>15/16 Projected</b>	<b>Variance</b>
Operating expense:	\$3,706,000	\$3,738,000	(\$32,000)
Income:	1,345,000	1,351,000	6,000
Net G&A expense:	2,361,000	2,387,000	(26,000)

### *Fiscal Year 16/17 Budget*

The proposed FY 16/17 G&A budget is \$355,000 or 14.9% higher than projected FY 15/16 results.

	<b>15/16 Projected</b>	<b>16/17 Budget</b>	<b>Variance</b>
Operating expense:	\$3,738,000	\$4,109,000	(\$371,000)
Income:	1,351,000	1,367,000	16,000
Net G&A expense:	2,387,000	2,742,000	(355,000)

Following are highlights:

- \$16,000 increase in handling fees income resulting from increased activity in workshops and licensing managed by TUC
- Payroll and benefits increase of \$110,000
  - To better reflect staff effort in the G&A division, a salary re-allocation from other divisions into G&A, resulting in increased payroll and benefits expense of (\$73,000);
  - Additional increase in payroll and benefits expense (\$37,000) resulting from the 2% cost of living adjustment effective July 1, 2016
- Increase in depreciation (\$147,000) primarily from Matador Bookstore Complex HVAC/roof replacement
- Increase in building sanitation services (\$16,000) due to new vendor. In support of campus sustainability efforts, campus-wide food waste will be diverted from landfills and turned into compost.
- Increase in professional services (\$46,000) due to a 2% increase in ADP payroll system costs and a 5% increase in MOU charges for campus-provided administrative services.
- Increase in hospitality/travel (\$19,000), representing increased professional development and employee retention and engagement activities.

**THE UNIVERSITY CORPORATION**  
**General and Administrative**  
**Fiscal Year 2016-2017**  
**Budget Summary**

	Budget	Projected	Proposed
	2015-2016	2015-2016	2016-2017
<b>Revenue:</b>			
Bookstore Commissions	0	0	0
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	0	0	0
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	\$ 85,000	\$ 85,000	\$ 90,000
Rental Income	661,497	663,894	660,590
Endowment Admin. Fee	140,000	130,000	130,000
Other Income	458,020	472,297	486,216
<b>Total Revenue</b>	<b>1,344,517</b>	<b>1,351,191</b>	<b>1,366,806</b>
<b>Operating Expenses:</b>			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	0	0	0
Salaries & Wages	1,325,936	1,353,080	1,424,108
Benefits	489,069	494,037	532,509
Temporary Help	0	0	9,000
Allowance for Doubtful Accounts	0	0	0
Bank Charges	18,996	18,634	18,996
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	181,738	176,151	192,086
Communications/Telephone/Pagers	31,062	30,568	35,269
Depreciation & Amortization	430,110	455,527	602,362
Dues & Subscriptions	14,776	17,602	17,734
Equipment/Equipment Rental	16,780	21,156	29,127
Fees	0	31	0
Royalties	0	0	0
Freight/Postage/Mail Service	13,400	16,495	15,900
Insurance	125,244	127,393	131,448
Interest Expense	179,256	179,256	166,800
Taxes & Licenses	8,460	5,003	10,260
Legal & Audit Fees	53,600	51,374	55,004
Marketing/Advertising	3,000	424	3,000
Paper Goods	0	0	0
Parking & Security	903	1,049	903
Professional Services	390,524	367,357	413,384
Rent/Lease Expense	0	0	0
Utilities	247,852	238,583	247,848
Repairs & Maintenance	107,165	118,445	110,662
Supplies	40,265	32,761	41,133
Training/Conference Fees	7,500	8,291	6,800
Travel/Hospitality	20,000	24,719	44,438
Miscellaneous	0	0	0
<b>Total Operating Expenditures</b>	<b>3,705,636</b>	<b>3,737,936</b>	<b>4,108,771</b>
<b>Net Surplus (Deficit) Before G&amp;A</b>	<b>\$ (2,361,119)</b>	<b>\$ (2,386,745)</b>	<b>\$ (2,741,965)</b>

**CSUN CAMPUS STORE**

A ten-year extension of the operating agreement with Follett Higher Education Group (Follett) was executed in July, 2015, increasing the commission rate to TUC from 12.2% to 15.3% for revenue up to \$10,000,000, and 16.1% for revenue above \$10,000,000. The agreement also includes a minimum annual guarantee to TUC of \$1,224,000.

FY 16/17 commission revenue is projected at an 8% reduction from FY 15/16. The primary reasons for this reduction are the 1% enrollment decrease due to anticipated enrollment impaction in FY 16/17, and the ongoing challenges of university bookstores, with mounting pressure from online sellers/renters, peer-to-peer book sales, and off-campus bookstores. Follett and TUC will continue to collaborate closely on sales and marketing campaigns to slow down the sales slide of the past several years.

***Fiscal Year 15/16 Projection***

FY 15/16 results will exceed budget primarily due to Follett’s \$1,000,000 payment, received in July, 2015, for the university’s implementation of Follett’s ConnectOnce textbook management software. Per the extension agreement, this \$1,000,000 payment shall be amortized over five years, i.e. \$200,000 per year from FY 15/16 to FY 20/21.

	<b>15/16 Budget</b>	<b>15/16 Projected</b>	<b>Variance</b>
Commission	\$1,419,000	\$1,613,000	\$194,000
Operating expenses	107,000	108,000	(1,000)
Surplus	1,312,000	1,505,000	193,000

***Fiscal Year 16/17 Budget***

The FY 16/17 budget reflects an 8% drop in commission revenue compared to projected FY 15/16 results, but includes \$200,000 for the amortization of the \$1,000,000 Follett payment. The 8% reduction reflects a conservative stance towards the ongoing trend of decreasing sales per student. Overall enrollment is expected to drop 1% due to pending impaction.

Surplus before G&A allocation is projected at \$1,399,000.

	<b>15/16 Projected</b>	<b>16/17 Budget</b>	<b>Variance</b>
Commission	\$1,613,000	\$1,499,000	(\$114,000)
Operating expenses	108,000	100,000	8,000
Surplus	1,505,000	1,399,000	(106,000)

**THE UNIVERSITY CORPORATION**  
**CSUN Campus Store**  
**Fiscal Year 2016-2017**

**Budget Summary**

	Budget	Projected	Proposed
	2015-2016	2015-2016	2016-2017
<b>Revenue:</b>			
Bookstore Commissions	\$ 1,418,700	\$ 1,613,049	\$ 1,499,253
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	0	0	0
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
<b>Total Revenue</b>	<b>1,418,700</b>	<b>1,613,049</b>	<b>1,499,253</b>
<b>Operating Expenses:</b>			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	0	0	0
Salaries & Wages	25,200	26,112	21,300
Benefits	11,400	11,194	9,048
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	0	0	0
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	0	0	0
Communications/Telephone/Pagers	0	0	0
Depreciation & Amortization	49,644	49,646	49,648
Dues & Subscriptions	0	0	0
Equipment/Equipment Rental	0	0	0
Fees	0	0	0
Royalties	0	0	0
Freight/Postage/Mail Service	0	0	0
Insurance	14,740	14,727	14,088
Interest Expense	0	0	0
Taxes & Licenses	1,800	1,546	1,600
Legal & Audit Fees	0	330	500
Marketing/Advertising	4,000	4,579	4,500
Paper Goods	0	0	0
Parking & Security	0	0	0
Professional Services	0	0	0
Rent/Lease Expense	0	0	0
Utilities	0	0	0
Repairs & Maintenance	0	0	0
Supplies	0	0	0
Training/Conference Fees	0	0	0
Travel/Hospitality	0	56	0
Miscellaneous	0	0	0
<b>Total Operating Expenditures</b>	<b>106,784</b>	<b>108,190</b>	<b>100,684</b>
<b>Net Surplus (Deficit) Before G&amp;A</b>	<b>\$ 1,311,916</b>	<b>\$ 1,504,859</b>	<b>\$ 1,398,569</b>

## FOOD SERVICES

The Food Services division is comprised of twenty-three operating units, including: four national brands (Burger King, Subway, Panda Express, El Pollo Loco); two regional brands (Juice It Up, Shake Smart); four Matador Mercado convenience stores (formerly known as the Edge, West Side Snacks, La Tienda, and Mercantile Exchange); five self-branded Freudian Sip coffee houses (reduced from the previous six, since Follett now operates the Freudian Sip in the bookstore); food operations consisting of the Sierra Center Marketplace, Orange Grove Bistro, Arbor Grill, The Pub Sports Grill (serving food and beer), Geronimo's/Bamboo Terrace residential dining, Vending, Matador Concessions, Valley Performing Arts Center Concessions, Program and Marketing, and Food Services Management.

### *Fiscal Year 15/16 Projection*

When compared to FY 14/15 (after adding back depreciation), the Food Services FY 15/16 projected net surplus is \$78,000 better than prior year, yet did not meet the aggressive FY 15/16 budget due to decreased sales and higher operational expenses. FY 15/16 projected sales are below budget for a number of factors, including: an aggressive budget for the new Freudian Sip-Student Housing; lower sales in the University Student Union food units and the Sierra Marketplace; and mid-year transfer of Freudian Sip-Matador Bookstore operation to Follett.

An increase in labor costs was budgeted, but the amount was underestimated by approximately \$32,000. The California minimum wage increase to \$10/hour on January 1, 2016, plus a full year of sick pay for hourly staff resulted in payroll costs 0.2% over budget. On a positive note, cost of goods sold is projected at .6% lower than budget; combined with labor expenses, the total is 0.4% positive to budget.

All of these factors result in FY 15/16 projected Food Services surplus being \$265,000 below budget, while still earning a total net cash generated of \$1,439,000.

	<b>15/16 Budget</b>	<b>15/16 Projected</b>	<b>Variance</b>
Sales	\$16,853,000	\$16,259,000	(\$594,000)
COGS (Cost of Goods Sold)	6,254,000	5,927,000	327,000
Payroll	4,377,000	4,281,000	96,000
Benefits	1,119,000	1,044,000	75,000
Depreciation	1,234,000	1,244,000	(10,000)
Other operating expenses	2,849,000	3,011,000	(162,000)
Operating surplus	1,020,000	752,000	(268,000)
Other income	684,000	687,000	3,000
Net surplus	1,704,000	1,439,000	(265,000)
<u>Operating Costs (as % of Sales)</u>			
COGS	37.1%	36.5%	0.6%
Payroll	26.0%	26.3%	(0.3%)
Benefits ( <i>as % of payroll</i> )	25.6%	24.4%	1.2%
Total Payroll & Benefits	32.6%	32.8%	(0.2%)



***Fiscal Year 16/17 Budget***

Food Services budgeted surplus for FY 16/17 is \$1,275,000. On a net cash basis this appears to be only \$65,000 lower than projected FY 15/16. In fact, the erosion to the bottom line is greater, with over \$100,000 of administrative salaries/benefits reallocated to the General and Administrative Division to better reflect true G&A costs. An apples-to-apples picture of the net loss in Food Services budget to prior year is approximately \$165,000 (before the salary reallocations). This net decrease is in large part due to the projected loss of 100 meal plans from prior year. FY 15/16 had 1,400 meal plans; FY 16/17 anticipates 1,300 meal plans. This is the single largest negative impact on TUC's FY 15/16 budget, and will continue to be a major focus of TUC's marketing and sales efforts going forward. Additionally, a decrease in international student participation is budgeted.

Meal Plan: The Meal Plan represents approximately one-third of Food Services sales. The FY 16/17 budget assumes a 6% reduction in voluntary meal plan participation from FY 15/16, reflecting the impact of the planned enrollment reduction and Housing's anticipated vacancy rate, yet still assumes an overall growth of 200 in the Meal Plan from the FY 14/15 budget.

Other Factors: The California minimum wage will increase to \$10.50/hour on July 1, 2016 (adding \$68,000), after increasing to \$10/hour in January 2016. (The greater impact will be realized in the FY 17/18 budget, when the minimum wage climbs to \$12/hour, with an estimated \$350,000 added payroll/benefit costs.) Cost of goods sold increases 0.5% as goods continue to rise. Efficiencies planned in both labor and cost of goods sold will keep these two large expense categories close to budget. Depreciation expense adds \$99,000 this budget year related to the student housing projects. Marketing expenses are reduced \$50,000 from prior year due to consolidation of marketing collateral, but sanitation expense will rise by \$38,000 with the expansion of the food waste diversion program.

	<u>15/16</u> <u>Projected</u>	<u>16/17</u> <u>Budget</u>	<u>Variance</u>
Sales	\$16,259,000	\$15,770,000	(\$489,000)
COGS	5,927,000	5,830,000	97,000
Payroll	4,281,000	4,166,000	115,000
Benefits	1,044,000	1,023,000	21,000
Depreciation	1,244,000	1,343,000	(99,000)
Other operating expenses	3,011,000	2,870,000	141,000
Operating surplus	752,000	538,000	(215,000)
Other income	687,000	737,000	50,000
Net surplus	1,439,000	1,275,000	(164,000)
<u>Operating Costs (as % of Sales)</u>			
COGS	36.5%	37.0%	(0.5%)
Payroll	26.3%	26.4%	(0.1%)
Benefits (as % of payroll)	24.4%	24.6%	(0.2%)
Total Payroll & Benefits	32.8%	32.9%	(0.1%)

**THE UNIVERSITY CORPORATION**  
**Food Services**  
**Fiscal Year 2016-2017**  
**Budget Summary**

	Budget	Projected	Proposed
	2015-2016	2015-2016	2016-2017
<b>Revenue:</b>			
Bookstore Commissions	0	0	0
Food Service Sales	\$ 16,853,305	\$ 16,258,945	\$ 15,770,097
Food Service Commissions	683,625	686,683	736,470
Real Estate Rentals	0	0	0
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
<b>Total Revenue</b>	<b>17,536,930</b>	<b>16,945,627</b>	<b>16,506,567</b>
<b>Operating Expenses:</b>			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	6,254,217	5,927,013	5,830,049
Salaries & Wages	4,376,760	4,280,562	4,165,696
Benefits	1,119,443	1,044,324	1,022,987
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	364,760	307,960	297,165
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	142,147	198,569	217,385
Communications/Telephone/Pagers	26,301	28,091	28,283
Depreciation & Amortization	1,234,239	1,244,458	1,343,577
Dues & Subscriptions	28,385	31,438	27,728
Equipment/Equipment Rental	137,123	133,386	123,233
Fees	509,522	500,901	495,253
Royalties	0	0	0
Freight/Postage/Mail Service	0	483	0
Insurance	42,744	42,728	40,860
Interest Expense	163,164	163,164	146,664
Taxes & Licenses	3,972	4,639	5,372
Legal & Audit Fees	1,200	500	960
Marketing/Advertising	467,179	533,675	484,724
Paper Goods	0	0	0
Parking & Security	10,546	13,260	12,070
Professional Services	135,262	167,402	161,451
Rent/Lease Expense	0	2,000	0
Utilities	261,753	242,303	257,076
Repairs & Maintenance	243,436	266,920	246,419
Supplies	267,013	339,520	298,009
Training/Conference Fees	14,015	10,925	15,415
Travel/Hospitality	30,004	22,401	11,200
Miscellaneous	0	0	0
<b>Total Operating Expenditures</b>	<b>15,833,185</b>	<b>15,506,622</b>	<b>15,231,576</b>
<b>Net Surplus (Deficit) Before G&amp;A</b>	<b>\$ 1,703,745</b>	<b>\$ 1,439,005</b>	<b>\$ 1,274,991</b>

## REAL ESTATE

TUC's real estate program includes 33 College Court townhomes, seven single-family homes, University House, two unimproved lots contiguous to campus and a ten-acre parcel of land in Moorpark. The objectives of the Real Estate Department are: to provide subsidized housing for faculty and staff; to positively impact the areas surrounding campus; and to acquire, manage and grow real property assets for the long-term benefit of the university. The long-term benefits derived from these activities include appreciation in market value and long-term revenues.

FY 16/17 is the year in which TUC's first commercial building, the CSUN Reseda Annex, will be fully renovated, occupied and operational. The Reseda Annex is primarily for university use and will house research and education-related employment opportunities for students. TUC also is a key university partner on the development of a privately-operated, on-campus hotel. TUC staffs the North Campus Development Corporation (NCDC); again partnering with the university, FY 16/17 will be significant in planning for the long-term, highest and best use of the North Campus.

To accommodate the increasing operating costs, housing program rents will be increased by 3% in FY 16/17.

### *Fiscal Year 15/16 Projection*

The FY 15/16 projected surplus is favorable to budget by \$53,400.

	<b>15/16 Budget</b>	<b>15/16 Projected</b>	<b>Variance</b>
Revenue	\$1,133,300	\$1,147,400	\$14,100
Expenses	1,406,300	1,367,000	39,300
Net Surplus	(273,000)	(219,600)	53,400

Significant factors:

- Lower depreciation due to a delay in Reseda Annex renovations: \$41,000; lower interest expense: \$45,000; offset by higher repair and maintenance (\$22,000), and higher College Court HOA fees (\$10,000).

### *Fiscal Year 16/17 Budget*

The FY 16/17 budgeted net loss is \$59,200 unfavorable to the FY 15/16 projection.

	<b>15/16 Projected</b>	<b>16/17 Budget</b>	<b>Variance</b>
Revenues	\$1,147,400	\$1,240,000	\$92,600
Expenses	1,367,000	1,518,700	(151,700)
Net Surplus	(219,600)	(278,700)	(59,100)

Significant factors:

- Revenue is \$92,600 higher, reflecting twelve months of Reseda Annex rent, compared to nine months in FY 15/16, and a 3% rent increase budgeted for all housing locations. Expenses are higher by (\$151,700) due to greater depreciation expense of (\$113,000), 2% cost of living adjustment, and inclusion of 10% of CFO salary & benefits (\$24,000).
- Real Estate is cash flow positive when depreciation expense is added back: \$169,300 compared to \$115,300 in 15/16.

**THE UNIVERSITY CORPORATION**

**Real Estate**

**Fiscal Year 2016-2017**

**Budget Summary**

	<b>Budget</b>	<b>Projected</b>	<b>Proposed</b>
	<b>2015-2016</b>	<b>2015-2016</b>	<b>Budget</b>
	<b>2015-2016</b>	<b>2015-2016</b>	<b>2016-2017</b>
<b>Revenue:</b>			
Bookstore Commissions	0	0	0
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	\$ 1,133,272	\$ 1,147,388	\$ 1,239,974
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
<b>Total Revenue</b>	<b>1,133,272</b>	<b>1,147,388</b>	<b>1,239,974</b>
<b>Operating Expenses:</b>			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	0	0	0
Salaries & Wages	77,802	79,793	98,360
Benefits	27,282	27,590	33,347
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	0	0	0
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	27,048	27,775	29,836
Communications/Telephone/Pagers	2,676	2,679	2,760
Depreciation & Amortization	376,156	334,874	448,053
Dues & Subscriptions	7,248	7,248	6,324
Equipment/Equipment Rental	0	0	0
Fees	128,700	138,600	148,500
Royalties	0	0	0
Freight/Postage/Mail Service	748	788	888
Insurance	22,104	22,107	21,132
Interest Expense	260,392	215,812	220,416
Taxes & Licenses	135,912	135,037	136,728
Legal & Audit Fees	8,820	13,429	8,880
Marketing/Advertising	10,116	10,116	11,484
Paper Goods	0	0	0
Parking & Security	0	4	0
Professional Services	26,196	29,568	36,636
Rent/Lease Expense	0	0	0
Utilities	10,200	10,451	8,064
Repairs & Maintenance	272,656	294,162	292,740
Supplies	6,300	6,195	6,300
Training/Conference Fees	1,380	1,945	2,100
Travel/Hospitality	4,600	8,785	6,180
Miscellaneous	0	0	0
<b>Total Operating Expenditures</b>	<b>1,406,336</b>	<b>1,366,958</b>	<b>1,518,728</b>
<b>Net Surplus (Deficit) Before G&amp;A</b>	<b>\$ (273,064)</b>	<b>\$ (219,570)</b>	<b>\$ (278,754)</b>

**SPONSORED PROGRAMS**

Under its operating agreement with the university, TUC manages the post-award administration of sponsored programs. After deducting all direct costs of the Sponsored Programs department, a reserve allocation, and a 3.9% service fee to recover administrative costs (Financial Services, Human Resources, IT, etc.), TUC returns to the university the remaining indirect cost recovery funds. The operating expenses are reimbursed from the recovered indirect costs and therefore have no impact on TUC's net result.

***Fiscal Year 15/16 Projection***

FY 15/16 grant revenue is projected to meet budget and come in at \$31 million. As a result, the service fee income will also be at the budgeted \$1.209 million. Sponsored Programs operating expenses are projected to be slightly better than budget.

	<b>15/16 Budget</b>	<b>15/16 Projected</b>	<b>Variance</b>
Grants revenue	\$31,000,000	\$31,000,000	\$0
Service fee income	1,209,000	1,209,000	0
Operating expenses	681,000	678,000	3,000

***Fiscal Year 16/17 Budget***

Defying a challenging grant funding environment, as a result of CSUN's focus on increased pre-award activities, sponsored programs are expected to incrementally grow during the next year. FY 16/17 grant revenues are budgeted at \$32 million, \$1 million or 3% above the FY 15/16 projection, with corresponding service fees budgeted at \$1.248 million.

	<b>15/16 Projected</b>	<b>16/17 Budget</b>	<b>Variance</b>
Grants revenue	\$31,000,000	\$32,000,000	\$1,000,000
Service fee income	1,209,000	1,248,000	39,000
Operating expenses	678,000	784,000	(106,000)

As part of planned improvements in administrative processes, Sponsored Programs operating expenses are budgeted at \$784,000, reflecting an increase of \$106,000 or 16% over previous year projection. The increase includes one-time consulting and equipment charges of \$79,000. This will be an investment to transition to technology-based, paperless systems that will provide efficiencies and increase customer service.

The increase consists of the following:

Salaries & benefits:	\$23,000
IT consulting:	50,000
Sponsored Programs consulting:	20,000
IT equipment:	9,000

**THE UNIVERSITY CORPORATION**  
**Sponsored Programs**  
**Fiscal Year 2016-2017**  
**Budget Summary**

	Budget 2015-2016	Projected 2015-2016	Proposed Budget 2016-2017
<b>Revenue:</b>			
Bookstore Commissions	0	0	0
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	0	0	0
Grants & Contracts	\$ 27,555,556	\$ 27,318,758	\$ 28,318,584
Indirect Cost Recovery	3,444,444	3,681,242	3,681,416
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
<b>Total Revenue</b>	<b>31,000,000</b>	<b>31,000,000</b>	<b>32,000,000</b>
<b>Operating Expenses:</b>			
Grants & Contracts Direct Expenditures	27,555,556	27,318,758	28,318,584
Cost of Goods Sold	0	0	0
Salaries & Wages	486,997	500,115	505,306
Benefits	167,637	167,061	175,021
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges & Bad Debts	0	0	0
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	0	0	0
Communications/Telephone/Pagers	2,340	2,475	2,500
Depreciation & Amortization	0	0	0
Dues & Subscriptions	8,490	9,125	7,850
Equipment/Equipment Rental	2,000	2,995	10,550
Fees	0	0	0
Royalties	0	0	0
Freight/Postage/Mail Service	2,960	2,045	2,960
Insurance	25,056	25,046	23,952
Interest Expense	0	0	0
Taxes & Licenses	0	0	0
Legal & Audit Fees	25,100	24,960	25,768
Marketing/Advertising	0	0	0
Paper Goods	0	0	0
Parking & Security	0	9	0
Professional Services	58,800	75,989	126,232
Rent/Lease Expense	0	0	0
Utilities	0	0	0
Repairs & Maintenance	0	0	0
Supplies	(10,888)	(24,934)	(7,500)
Training/Conference Fees	18,420	1,156	0
Travel/Hospitality	39,530	45,827	59,450
Miscellaneous	0	0	0
<b>Total Operating Expenditures</b>	<b>28,381,998</b>	<b>28,150,627</b>	<b>29,250,673</b>
<b>Net Surplus (Deficit) Before G&amp;A</b>	<b>2,618,002</b>	<b>2,849,373</b>	<b>2,749,327</b>
<b>Allocation of General &amp; Administrative</b>	<b>1,209,000</b>	<b>1,209,000</b>	<b>1,248,000</b>
Sponsored Projects - Available to Campus	\$ 1,409,002	\$ 1,640,373	\$ 1,501,327
<b>Net Surplus (Deficit) From Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>

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# The University Corporation

## Capital Budget

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## CAPITAL BUDGET

The capital budget serves as the basis for the Corporation's fixed asset renewal program, including major and minor upgrades/replacements of facilities, systems, equipment, furniture and fixtures. The FY 16/17 capital budget will be used primarily to replace or refresh equipment and infrastructure.

1. <u>Matador Bookstore Complex - Elevator:</u> Refresh and retrofit elevator with modern controls and mechanics to ensure reliable service to tenants.	\$63,000
2. <u>Matador Bookstore Complex - Restrooms:</u> Renovate and update restrooms, including tile, partitions and finishes.	60,000
3. <u>University House – Sustainability Project (Window Replacement):</u> In keeping with the CSU executive residence repair and maintenance program, continue to improve energy efficiency and asset value by replacing original single-pane windows and sliding glass doors.	50,000
4. <u>PeopleSoft Upgrade:</u> In 2016/17 Oracle will cease supporting the current PeopleSoft version, requiring an upgrade to v9.2. The total cost to TUC is \$73,000. A portion (\$31,000) will be capitalized in 2015/16 with the remainder residing in 2016/17.	42,000
5. <u>Refrigerated Delivery Van:</u> Purchase vehicle to support <i>Grab &amp; Go</i> sandwich and salad program.	35,000
6. <u>Open Air Refrigerator:</u> Replace open air refrigerator in <i>Matador Mercado</i> , Matador Bookstore Complex with more efficient unit.	25,000
7. <u>Electric Cart:</u> Replace maintenance department electric cart.	15,000
8. <u>Sierra Marketplace Dishwasher:</u> Replace dishwasher and repair surrounding frame and counter.	10,000
<b>TOTAL</b>	<b><u>\$300,000</u></b>