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

Memorandum

CD

To: Colin Donahue, Vice President
Administration & Finance
California State University, Northridge

From: Rick Evans

Date: June 16, 2021

Subject: THE UNIVERSITY CORPORATION 2021/2022 BUDGET

In accordance with Title V, Section 42402 of the California Administrative Code, we are submitting for President Beck's review and approval, the operating and capital outlay budgets of The University Corporation for the 2021/2022 fiscal year. These budgets were approved by The University Corporation Board of Directors on June 8, 2021.

Please initial on the line next to your name, above, and forward to the President. President Beck should indicate her approval by signing below and returning this memorandum to me.

Thank you.

I hereby approve The University Corporation's 2021/2022 operating and capital outlay budgets.

Erika D. Beck, President
California State University, Northridge

17-Jun-2021
Date

/kww
att:

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

Memorandum

TO: The University Corporation Executive Committee

FROM: Rick Evans, Executive Director

DATE: May 7, 2021

RE: THE UNIVERSITY CORPORATION (TUC) FISCAL YEAR 2021/22 BUDGET – EXECUTIVE SUMMARY

As part of the standard budget cycle, TUC projects the results for the remainder of the current fiscal year and prepares the budget for the coming year.

In FY 20/21, while CSUN's mode of instruction remained primarily virtual, and all main campus dining locations remain closed, TUC was asked by CSUN to operate a small residential dining program to serve 200+ students. Chartwells Higher Education Group has operated the dining program under a cost-plus management fee model.

In light of the drastic impact to sales, Follett Higher Education and Pepsi began discussions with TUC requesting possible extensions to their contracts to accommodate their revenue loss caused by the pandemic. Despite these negotiations, Pepsi will not receive an extension, and discussions with Follett are expected to continue for the next several months.

The University Licensing department collaborated with CSUN leadership to develop guidelines to support CSUN's repopulation efforts. By fall 2020, commercial filming was permitted on campus under strict adherence to Los Angeles County Department of Public Health (LACDPH) guidelines.

Fiscal Year 20/21 Budget vs. 20/21 Projection

Before receiving any Higher Education Emergency Relief Funds (HEERF), the total net cash generated from operations would be a projected deficit of ($1,335,000), which is $354,000 better than the FY 20/21 revised budget. With the aid of HEERF I & II, this deficit will be reduced to ($262,000) for FY 20/21.

It is important to highlight a factor related to FY19/20 that impacts FY 20/21. Significant meal plan revenue was lost in FY 19/20 as a result of the university shifting to virtual learning in March 2020. To cover this lost revenue, in FY 20/21 TUC received $907,000 HEERF I.

The total net cash generated for FY 20/21 is the combination of the FY 20/21 loss of ($262,000) plus the revised FY 20/21 net cash generated of $515,000 resulting from the HEERF I meal plan reimbursement from FY 19/20; this all results in a combined net cash total for FY 20/21 of $253,000.

The following table summarizes TUC's budget conditions through FY 20/21.

Cash generated from operations (FY 20/21)	($433,000)
Less: Principal payments on debt service	(695,000)
Planned capital expenditures	(237,000)
Net Cash Generated from Operations	(1,335,000)
HEERF I+II	1,073,000
Net Cash generated (FY 20/21)	($262,000)
FY 19/20 lost revenue reimbursement	
HEERF I	$907,000
Reseda Annex Reserve (FY 19/20 allocation)	(134,000)
University Special Project reserve (FY 19/20 allocation)	(258,000)
	$515,000
Combined Net Cash Total for FY 20/21	$253,000

Overview of Fiscal Year 21/22 Budget

The anticipated Net Cash Generated to Replenish Reserves will be a deficit of ($770,000). This budget assumes that TUC will receive HEERF II of $378,000 and III funding of $1,000,000 for the lost revenue that TUC would otherwise expect to earn during a steady-state year. With this $1,378,000 in funding, the net cash generated for FY 21/22 will result in a surplus of $608,000 prior to funding the Reseda Annex reserve and the University Special Project Reserve. Accordingly, $123,000 will be added to the Reseda Annex reserve, and $194,000 to the University Special Project Reserve. The fiscal year end results in a net cash to replenish reserves of $291,000.

Cash generated from operations	$105,000
Less: Principal payments on debt service	(695,000)
Planned capital expenditures	(180,000)
Net Cash Generated from Operations	(770,000)
HEERF II+III	1,378,000
Net Cash generated (FY 21/22)	($608,000)
Reseda Annex Reserve	(123,000)
University Special Project reserve (40% of Net Cash)	(194,000)
FY 21/22 Net Cash Generated to Replenish Reserves	$291,000

The major assumptions for the FY 21/22 budget are as follows:

1) Campus will resume with:
    a. Fall term: 25% campus foot traffic; potential customers. Only the dining locations within the Campus Store Complex will be open.

b. Spring term: 70% campus foot traffic. In addition to the dining locations within the Campus Store Complex, Arbor Grill will open January 2022, and the Orchard Conference Center will open Spring 2022.

2) Residential dining program:
   a. Instead of the typical 1,500 meal plans during a steady-state year, 300 meal plans for fall, 600 meal plans for spring are projected.
   b. The Matador Mercado at Student Housing will open with limited hours.

3) Due to the expected low level of customer foot traffic, the cost-plus management fee model with Chartwells will continue into FY 21/22. TUC will pay Chartwells a management fee of $150,000 to operate campus dining. TUC will be responsible for all operating expenses including the fixed costs associated with the dining program and its facilities.

4) Due to the market changes created by the pandemic, there will be no Follett minimum commission guarantee of $1,224,000 on campus store sales:
   a. Book sales continue to decline; 12% lower than previous year.
   b. The amortization of the second $1,000,000 cash payment received from Follett in December 2020 is $200,000 for FY 21/22.
5) Pepsi's annual payment of $208,000 will be received which is $80,000 less than previous years, however the annual Athletic Scholarship of $50,000 will be retained.
6) Except for some commercial filming, Licensing activities continue to be reduced for summer 2021 and potentially into fall of 2021, based on LACDPH guidelines which will be balanced with CSUN's repopulation efforts.
7) No general salary increase (GSA). This will be the 2nd year in a row with no GSA.
8) Eliminated positions: a net 3.5 administrative positions remain eliminated from prior year. The vacant Controller position will not be filled, and will be replaced with a senior financial analyst position.
9) The budget assumes that $1,378,000 in HEERF II &III funding will be approved as part of the university's shared governance budgetary process.

Major Items

Food Services – The Foodservice Division will continue to contract Chartwells Higher Education Group (CHE) to operate all of campus food services for the second year.

FY 20/21 Food Services Projection

With the campus remaining primarily virtual through the summer of 2020, there will be no conference nor catering revenue. The fall semester began with the operation of Geronimo's and Student Housing Matador Mercado to support the small residential dining program. El Pollo Loco was only open for a very short period of time. Food Service revenue is projected to be $702,000, $154,000 less than an already significantly reduced budget. The total annual net deficit for FY 20/21 for the division is projected to be ($2,289,000). This deficit is reduced to ($1,245,000) when adding back the non-cash depreciation expense of $1,044,000.

CSUN Student Housing remained under stringent COVID-19 restrictions and ultimately was permitted to provide fall semester housing to only vulnerable houseless students. This resulted in 206 meal plan participants for the fall semester. This significant reduction in meal plans came with certain increases in costs due to the adherence to strict safety guidelines imposed by the LACDPH including physical distancing protocols, disinfecting protocols, and serving all food as take out only.

FY 21/22 Food Services Budget

The FY 21/22 budget assumes that the campus will reopen with limited in-person instruction in the fall semester. This will result in greatly reduced foot traffic on campus. The Food Service division is preparing to downsize service locations to meet the predicted reduced campus population and is forecasting 25% capacity in the fall and 70% capacity in the spring.

On the main campus, with 25% foot traffic forecasted for the fall semester, CHE will only open the food units within the Campus Store Complex (Matador Mercado, Juice It Up, El Pollo Loco, Panda Express, and Burger King). This will provide interior and exterior seating as well as a broad selection of dining options.

In the spring 2022 semester, TUC is planning to operate under a 70% campus population level. With this increase in the main campus capacity CHE will continue to open the units within the Campus Store Complex, and also open the Arbor Grill and Freudian Sip Arbor Grill. The Orchard Conference Center will also open early spring 2022.

At this time, it is estimated that 800 students (about 75% less than a traditional year) may reside in Student Housing for the fall semester as permitted by health officials. At this occupancy level, TUC forecasts 300 meal plan participants; which is likely a worst-case scenario. For spring, Student Housing occupancy may increase to 1,400 residents resulting in 600 meal plan participants.

Net Cash Generated from the Food Service Division is a deficit of ($1,933,000) for FY 21/22. This is $356,000 better than FY 20/21. It is important to note that after adding back non-cash depreciation expense of $1,161,000, the division has a net cash deficit of ($773,000).

In FY 21/22, TUC and CHE will continue to adapt to the ever-changing challenges COVID-19 brings. To date, despite facing the challenges of COVID-19, the partnership with CHE has proven quite beneficial. The resources, experience, and knowledge CHE brings is well positioned for the upcoming complexities of ramping up CSUN's food service program under the still uncertain pandemic conditions.

CSUN Campus Store – For FY 20/21 the CSUN Campus Store's net operating surplus is projected to be $578,000. For FY 21/22 commissionable sales are projected to by continue to decline and the commission revenue is budgeted at $472,000. With the $200,000 amortization of the one-time payment, the total revenue is projected to be $672,000. The operating expenses budgeted at $160,000 offset the revenue of $672,000 for a FY 20/21 net operating surplus of $512,000.

For FY 21/22, the *MyCSUNDigitalAccess* (MCDA) program is expected to continue to expand. MCDA is a mission driven initiative which arguably negatively impacts TUC's commissions. Ongoing traditional bookstore sales decline at 12% over prior year. Moreover, the minimum guarantee will not apply for FY

21/22 due to the anticipated very low campus foot traffic during the fall semester and potential residual impacts in spring 2022.

The increase in online learning as a result of COVID-19 has presented many challenges for CSUN students, among them economic and access challenges. Fortunately, with Follett's continued expansion of its Immediate Access (IA) program at CSUN (MCDA), the fall 2020 program resulted in more than a threefold increase in MCDA courses, representing more than 200 class sections and 17,000+ students participated in the program. TUC management and Follett contend that MCDA can also contribute toward reducing the equity gap, which is one of the program's goals.

First-Time Freshmen Access Program – TUC Management is in discussions with Follett to implement a program to provide all incoming fall 2021 first-time freshmen with their required books and leaning materials at no cost. First-time freshmen will be coming out of their high school senior year with historically unprecedented challenging learning experiences. Opportunities to mitigate against disadvantages these students are facing must be pursued. It is an exciting prospect to provide all incoming fall 2021 first-time freshmen with their required books and learning materials at no cost to the student. The cost of this program, which has been approved by the university, estimated at $1,800,000, will be funded utilizing Federal HEERF II funds. TUC is also submitting a proposal that the benefits of this program continue for spring 2022 semester utilizing HEERF III funds.

***Research and Sponsored Programs* (*RSP*) –** RSP projects FY 20/21 grants revenue of $29,559,000, which is significantly lower than budget by $5,441,000. The pandemic has negatively impacted research and sponsored activities; specifically in travel, payroll and student/participant related expenditures. For FY 21/22, on campus research activities is expected to be minimal to moderate in fall 2021, but is anticipated to increase in the second half of FY 21/22. As a result, FY 21/22 revenue is budgeted at $32,490,000, a $2,931,000 increase compared to the projection in FY 20/21. RSP continues to look for ways to streamline processes and maintain staff levels to adequately support RSP operations while adhering to the minimum wage laws, taking effect on January 1, 2022, which will impact exempt employees.

TUC's post-award administrative support financial model changed in FY 21/22. Effective July 1, 2020, TUC retained 50% of the total indirect cost (IDC) recovery to cover all post-award administration (RSP department expenses and G&A support costs). The projected IDC returned to Academic Affairs from FY 20/21 will be $2,122,000, and for FY 21/22, the IDC returned to Academic Affairs will be close to $2,300,000.

University Licensing – FY 20/21 licensing management fee of $72,000 was a decrease of 58% from the prior year's projection of $170,000. The impact stemming from the pandemic continued all throughout FY 20/21, despite the fact that limited filming projects were allowed to resume in the fall of 2020. With the primarily virtual summer 2021 and reduced in-person class schedule for fall 2021, it is yet to be determined if off-campus entities will be allowed to reserve campus space before spring 2022. The capacity of the campus' vaccination site has also precluded some rental activities from being pursued. It is anticipated that more licensing activities will be brought back for spring 2022. The FY 21/22 budget remains flat to FY 20/21 at $72,000 under this assumption. Should conditions continue to improve over the summer months, licensing activities will be pursued when permitted.

Real Estate – To accommodate a variety of issues related to the pandemic, TUC extended the three-year maximum tenancy limit, to all existing tenant's maximum lease tenancy limits by a total of eighteen (18) months. Even with these lease tenancy extensions, FY 20/21 was a high vacancy year, averaging a twelve (12%) percent vacancy rate, with most vacancies occurring during the period of September 2020 to March 2021. It is anticipated that FY 21/22 will improve to a nine (9%) percent vacancy rate. For FY 21/22, considering the potential impact of the pandemic on TUC tenants, TUC will not budget a rental rate increase for the existing tenants residing in all TUC housing properties.

TUC listed the University House for sale on January 8, 2021 and closed escrow on February 12, 2021. The list price was $1,250,000, and after several counter-offers, the accepted offer was $1,405,000. The proceeds from the sale will help replenish the currently depleted Real Estate Reserve.

Reserves – A complete overview of TUC reserves is provided in the Statement of Net Asset Reserves section of the budget; below are highlights:

1) Real Estate Investment Reserve: the cash proceeds of $1,338,000 from the sale of the University House in FY 20/21 will be added to this reserve. Beginning FY 21/22 balance = $1,593,000.

2) Reseda Annex reserve: $134,000 will be added in FY 20/21, and an additional $123,000 in FY 21/22. Beginning FY 21/22 balance = $487,000.

3) Campus Store Building & Roof Reserves: $253,000 net cash generated in FY 20/21 will be added to these reserves. Beginning FY 21/22 balance = $362,000.

Hotel Project – On June 11, 2020, due to the COVID-19 pandemic, The University Corporation (TUC) and Corvias (Developer) executed Addendum Number 2 to amend the Access Options Agreement (AOA). The AOA was extended for nine months to March 31, 2021, to allow Corvias to complete their due diligence period.

The amended agreement stipulated that if the Developer did not achieve its due diligence, including funding the project by the March 31, 2021 deadline, TUC would have full access, use, and ownership of the design and construction drawings. Also, TUC would have the right at its election to require the Developer to assign to TUC all of its right, title, and interest in its third-party due diligence reports, project documents, construction permits, and agency approvals. At this point, TUC and Corvias will continue to work together without an extended agreement. Although the AOA has expired, TUC and CSUN are looking to continue the relationship with Corvias. Corvias strongly asserts their desire to build this project and continues to believe in its viability, and is encouraged with recent upturns in the hospitality market.

Orchard Conference Center Project – The OCC project began construction late February 2020. The project continues to remain within budget and will be completed by July 1, 2021. Chartwells is planning for an opening celebration in early spring of 2022. During the interim time, TUC and Chartwells will continue to introduce the catering policy and the catering services to the campus community.

Major 3rd Party Agreements – COVID-19 continues to impact The University Corporation's budget including the financial arrangements with certain major third party partners -- Pepsi and Follett -- as these contracts and payments are based on respective volume of sales.

Pepsi

Beginning in mid-March 2020, beverage sales dropped to nearly zero. With the September announcement that the spring 2021 semester would continue with primarily virtual instruction, the concern of ongoing lost sales into 2021 intensified, and immediately triggered Pepsi to officially request a renegotiation of their contract terms. Pepsi proposed the option of an early extension of their contract for additional five years. After careful review of their extension proposal, TUC and Pepsi came to a simpler agreement with no extension. Pepsi's annual payments to TUC during the pandemic will be amortized over the next four years, and the annual Athletic Scholarship of $50,000 will be retained.

Follett

Follett is faced with a continuous decline in print book sales and a strong shift from print to digital book sales which resulted in dramatic declines in commission for TUC from the CSUN Campus Store. Compounded by the primarily virtual instruction due to the COVID-19 pandemic, fall 2020 rush sales fell 41% from 2019. Follett, however, adhered to its contractual obligation and sent TUC the second $1,000,000 installment payment in November 2019. This is the second installment of the $2,000,000 one-time signing bonus negotiated in 2014. In order to justify this $1,000,000 payment in the midst of low sales volume and the uncertainty surrounding the campus' virtual instruction, Follett requested a three-year extension to the Follett contract. Although regular negotiations continue it remains unclear if any extension proposal will be presented to the TUC Board in FY 21/22.

OPERATING BUDGET

Fiscal Year 21/22

CONTENTS

The University Corporation
FY 21/22 Budgeted Net Cash Generated

	FY 19/20	FY 20/21			FY 21/22	
	Actual	Budget	Projection	Projection v.s. Budget	Budget	Budget vs. FY 20/21 Projection
Surplus/(deficit) by operating unit:						
CSUN Campus Store	$ 964,078	475,878	$ 578,291	$ 102,413	$ 511,892	$ (66,399)
Food Services	(440)	(2,261,826)	(2,289,460)	(27,634)	(1,933,491)	355,969
Real Estate	99,560	65,744	180,999	115,255	261,947	80,948
General & Administrative (operational exp)	(2,595,720)	(2,522,479)	(2,029,548)	492,931	(2,174,604)	(145,056)
Post-Retirement accural exp	1,390,452	(300,000)	(150,000)	150,000	(150,000)	-
						-
Sponsored Programs - 50% IDC	-	2,662,478	2,154,651	(507,827)	2,357,458	202,807
RSP post award department	-	(910,864)	(739,454)	171,410	(852,536)	(113,082)
RSP-IDC (Net to TUC)	1,342,016	1,751,614	1,415,197	(336,417)	1,504,922	89,725
						-
Total surplus from operations	1,199,946	(2,791,069)	(2,294,521)	496,548	(1,979,334)	315,186
Plus: Non-Cash Deprciation/Amortization						
Depreciation expense	1,698,197	1,846,990	1,847,678	688	2,070,018	222,340
Bonds/Captial Leases Premium Amortization	(145,653)	(129,980)	(136,129)	(6,149)	(136,129)	-
Post-Retirement	(1,390,452)	300,000	150,000	(150,000)	150,000	-
Campus Store - Follett Amortization	(200,000)			-		-
						-
Cash generated from operations	1,162,038	(774,059)	(432,971)	341,088	104,555	537,526
Less: Cash Reductions/ Encumbrance:						
Debt Principal Repayment	(927,901)	(665,000)	(665,000)	-	(695,000)	(30,000)
Capital outlay (Non reserve related)	(362,343)	(250,000)	(237,000)	13,000	(180,000)	57,000
Total Cash Reductions	(1,290,244)	(915,000)	(902,000)	13,000	(875,000)	27,000
Net Cash Generated (current year) to Replenish Other Reserves	**(128,206)**	**$ (1,689,059)**	**$ (1,334,971)**	**$ 354,088**	**(770,445)**	**564,526**
HEERF Activity						
HEERF I - Univ. Reimb - Fall 2020 (Deficit)		379,237	451,609	72,372		
HEERF II - Univ. Reimb - Spring 2021&Fall, 2021		343,818	621,800	277,982	378,200	
HEERF III - Univ. Reimb - FY21/22 (lost revenue)					1,000,000	
Total HEERF funing (exclude FY 19/20 lost revenue)		723,055	1,073,409	350,354	1,378,200	304,791
Net Cash Generated (include Univ. Reimb)	$ (128,206)	$ (966,004)	$ (261,563)	$ 704,442	$ 607,755	$ 869,318
Less: 20/21 Reseda Annex Replacement Reserve			**0**		**(122,559)**	
University Special project Reserve			**0**		**(194,078)**	
Net Cash generated from current year			$ (261,563)		**$ 291,117**	**552,680**
HEERF I - Univ. Reimb - Lost Revenue (FY19/20 received in FY 20/21)		907,060	907,060	-		
Less: Reseda Annex Replacement Reserve (FY19/20)			(134,100)			
Univ. Special Reserve (FY19/20)			$ (257,902)			
Remaining HEERF I (FY19/20 lost revenue)			$ 515,058			$ (515,058)
Net Cash generated		**$ (58,944)**	**$ 253,496**	**$ 312,440**	**$ 291,117**	**37,622**

The University Corporation

Balance Sheet
Estimated as of June 30, 2021

BALANCE SHEET
Estimated for June 30, 2021 & June 30, 2022

The balance sheet is a statement that summarizes a company's assets, liabilities and equity (or net assets) at a specific point in time. The three balance sheet segments -- 6/30/2020, 6/30/2021, and 6/30/2022 -- provide a snapshot of the financial condition of the corporation as to how operations affect the value of the corporation, the nature of its assets and liabilities, and the type and depth of the "net assets," aka 'retained earnings' in a for-profit environment.

The projected balance sheet at 6/30/21 reflects the impact of FY 20/21 operations and is compared to the 6/30/20 balance sheet. The balance sheet for 6/30/22 estimates the impact of the proposed FY 21/22 budget and is compared to the 6/30/21 balance sheet. Below are some of the highlights of the significant changes.

Significant Changes for Estimated Year Ending 6/30/21

FY 20/21 operations result in an increase of $6,435,000 in total assets from 6/30/20. This increase is due to the following:

- A lump sum payment of a Sign-on Bonus of $1,000,000 from Chartwells per the Outsourcing contract,
- The second installment of $1,000,000 from Follett per the Follett contract,
- The net asset gain of $799,000 from the sale of the University House. The cash proceeds received is $1,338,000 which is offset by the net book value of the property.
- The realized and unrealized investment gains of $3,366,000 from a very strong financial market during the year.
- The HEERF (Higher Education Emergency Relief Funds) I & II funding totals to $1,980,000 ($907,000 from lost revenue in FY 19/20, and $1,073,000 from deficits related to the meal plans program for FY 20/21). This funding helps to offset FY 20/21 operational deficits caused by the COVID-19 pandemic, and also allows TUC to contribute some additional funds to the Reseda Annex reserve, University Special Project reserve, and the Campus Store roof reserve.

Footnotes for Significant Changes, compared to the end of FY 19/20

1. When combining Cash and Cash Equivalents, short-term investments and long-term investments, the total for FY 20/21 is higher than prior year by $9,618,000. Of which, $3,366,000 is the investment gain and the remaining $6,252,000 is from the cash infusion from the Chartwells' sign-on bonus, Follett's 2nd installment of a one-time payment, the sale of University House, and HEERF I & II funding.

	@6/30/2020	@6/30/2021	Increase/(Dec)
Cash & Cash Equivalents	10,179,000	6,270,000	(3,909,000)
Short-term investment	4,365,000	9,459,000	5,094,000
Long-term investment	20,797,000	29,230,000	8,433,000
Cash & investment	35,341,000	44,959,000	9,618,000

2. Accounts Receivable for Grants and Contracts is projected to be $1,194,000 lower. Research and Sponsored Programs revenue is lower than the previous year by $4,852,000. In FY 20/21, very aggressive efforts in billing and collecting from invoices and increasing the frequency of the drawdowns of RSP funds whenever possible have helped ease the cash flow pressure of TUC.

3. Net Fixed Assets decreases by $1,833,000; the sale of University House with its net book value of $539,000 and the yearly depreciation expense of $1,848,000 offset by the capital spending of $237,000 and additional costs associated with the Orchard Conference Center.

4. Deposit Held in Custody is higher by $483,000. The yearly Medtronic grants of $300,000 was added during the year. Due to COVID-19, the overall campus activities have greatly reduced as virtual instruction continues and fewer faculty grants/awards were distributed this year.

5. Deferred revenue for FY 20/21 is $2,151,000 higher than prior year. This is due to the Chartwells Sign-on bonus of $1,000,000 which is to be amortized over thirteen years with the deferred balance of $846,000, Follett's $1,000,000 payment is to be amortized over five years adding $800,000 to the deferred balance and the HEERF II's $378,000 advanced funding for the Fall, 2021 meal plan program.

6. Long Term Debt is lower by $773,000 as the debt service payments on System Wide Revenue Bonds and Capital Lease.

Footnotes for Significant Changes from 6/30/21 to 6/30/22

The balance sheet for 6/30/22 reflects the results of the FY 21/22 budget on TUC's 6/30/22 financial position. The most significant events during the upcoming fiscal year will be the reopening of campus and the economy. Emerging from the COVID-19 pandemic, campus dining and research and grant activities will increase. The Orchard Conference Center is scheduled to open in spring of 2022. With the support provided by HEERF III funding, TUC is able to maintain its overall balance sheet with a slight increase of $27,000.

Categories with significant changes are summarized below.

7. Short-Term Investments & Long-Term Investments in FY 21/22 will increase by $354,000 and $445,000 respectively over prior year. The income earned over the period contribute to these increases. With the uncertainty surrounding the upcoming year, these cash and investment accounts will be closely monitored to ensure cash flow needs are met while maintaining an optimal allocation of cash and investments in accordance with the Investment Policy.

8. Accounts Receivable for Grants and Contracts (G&C) and Accounts Payable will be higher by $600,000 and $635,000 respectively. These increases are due to an increase of $2,931,000 in G&C revenue and heavier Research and Sponsored Programs activities toward the year-end of FY 21/22.

9. Net Fixed Assets will be lower by $1,890,000:
    a. Capital spending of $180,000 during the year offset by
    b. The yearly depreciation expense of $2,070,000 which includes the depreciation expense of $196,000 for the Orchard Conference Center.

10. Deposits Held in Custody is higher by $410,000 primarily due to anticipated higher activities in workshops for the upcoming summer of 2022.

11. Deferred Revenue is lower by $729,000 from the amortization of Follett's one-time payment ($200,000/year), the Chartwells' sign-on bonus ($77,000/year), the deferred revenue associated with Extended Learning College ($74,000/year), and the revenue recognition of the advanced payment of HEERF II ($378,000)

12. Long-Term Debt is lower by $866,000 due to the yearly debt service payments on System Wide Revenue Bonds and Capital Lease.

The University Corporation
Balance Sheet
Periods ending June 30, 2020, 2021 & 2022

	Actual Balance @ 6/30/2020	Projected Balance @ 6/30/2021	FY 20-21 v.s. prior yr Inc (Dec)	notes for comments	Budgeted Balance @ 6/30/2022	FY 21-22 v.s. prior yr Inc (Dec)	notes for comments
Assets							
Cash and Cash Equivalents	$ 10,179,418	$ 6,270,016	$ (3,909,402)	(1)	$ 6,490,016	$ 220,000	
Short-Term Investments	4,364,711	9,459,015	5,094,305	(1)	9,812,689	353,674	(7)
Accounts Receivable	477,273	604,653	127,379		900,653	296,000	
A/R Grants & Contracts	4,493,027	3,298,566	(1,194,461)	(2)	3,898,566	600,000	(8)
Prepaid Expenses	14,013	13,934	(79)		16,512	2,578	
Inventories	283,371	(0)	(283,371)		(0)	0	
Long-Term Investments	20,796,844	29,230,338	8,433,494	(1)	29,674,992	444,654	(7)
Fixed Assets:							
Gross Fixed Assets	55,138,592	55,043,417	(95,175)		55,223,417	180,000	
Accumulated Depreciation	(31,167,498)	(32,905,633)	(1,738,135)		(34,975,651)	(2,070,018)	
Net Fixed Assets	23,971,094	22,137,784	(1,833,310)	(3)	20,247,766	(1,890,018)	(9)
Total Assets	$ 64,579,751	$ 71,014,306	$ 6,434,556		$ 71,041,193	$ 26,887	
Liabilities							
Accounts Payable	2,095,093	2,081,267	(13,826)		2,716,607	635,340	(8)
Accrued Liabilities	5,834,879	5,866,674	31,795		6,214,874	348,200	
Deposits Held in Custody for Others	3,607,999	4,091,099	483,099	(4)	4,501,099	410,000	(10)
Deferred Revenue	402,278	2,553,518	2,151,240	(5)	1,824,871	(728,647)	(11)
Long-Term Debt	9,945,872	9,172,578	(773,294)	(6)	8,306,449	(866,129)	(12)
Total Liabilities	21,886,121	23,765,136	1,879,015		23,563,900	$ (201,236)	
Net Assets							
Beginning Balance (unrestricted)	35,950,580	38,829,172	2,878,592		43,385,376	$ 4,556,205	
Permanently restricted	3,863,793	3,863,793	0		3,863,793	0	
Current year surplus/(loss)	2,879,257	4,556,205	1,676,948		228,123	(4,328,081)	
Total Net Assets	42,693,630	47,249,170	4,555,540		47,477,293	$ 228,123	
Total Liabilities & Net Assets	$ 64,579,751	$ 71,014,306	$ 6,434,554		$ 71,041,193	$ 26,887	

5/4/2021

The University Corporation

Statement of Reserves
Estimated as of June 30, 2021

STATEMENT OF RESERVES
Estimated for June 30, 2021and July 1, 2021

In financial accounting, a reserve is part of a shareholder's equity. TUC refers to it as a "Net Asset." A reserve is often set up for a particular purpose. TUC categorizes its reserves first by funding source and then sets up various reserves for specific purposes – such as to purchase real estate property, to save up funds for major repairs and maintenance, or renovation of facilities. The undesignated reserve is an unrestricted fund available to sustain unexpected overrun of TUC's operation as well as preserving the investment gain and weathering potential risk of any loss resulting from the fluctuation of the stock markets.

The Statement of Net Asset Reserves lists various reserve accounts set up over time to ensure business continuity, for major upkeep and improvement of facilities, for unexpected major costs that may arise, for strategic purchases of real estate, for the build-out of certain mission driven facilities, and for setting aside purpose-specific funds in support of the university's mission. Every budget year, TUC carefully reviews and monitors the needs of the company related to these funds and invests the money in long-term or short-term securities as part of the investment portfolio, abided by TUC's investment policy. The majority of the Net Cash Generated from operations is to replenish these reserves.

FY 20/21 Projection

The reserve balance at the beginning of FY 20/21 totaled to $18,365,000:

I. $4,740,000 operational reserves included:
   a. $3,000,000 baseline reserve as required by the Chancellor's Office Executive Orders and approved by the Board of Directors in TUC's reserves policy.
   b. $405,000 real estate reserves for strategic purchases of real estate in the future and for major repairs of existing property.
   c. $750,000 facilities reserve for major upkeep and improvement of facilities.
   d. $233,000 University Conference Center reserve for the construction and leasehold improvements of the Orchard Conference Center.
   e. $352,000 repair and replacement reserve for the Reseda Annex Building.

II. $4,141,000 is earmarked as the undesignated General Reserve which largely pertains to the earnings, realized and unrealized gain/(loss) from TUC's investment portfolios, both long-term and short-term investments.

III. $4,541,000 is the Research and Sponsored programs (RSP) reserves funded by RSP's Indirect Cost Recovery Fund.

IV. $4,943,000 is for the University Special Projects reserve funded in part by TUC contributing 40% of the net cash generated.

These reserves are reviewed annually and adjusted to the desired level of funds needed for a particular purpose. Reserves may be added or replenished with the net cash generated from the operation during the yearly budget cycle.

FY 21/22 Budget

At the beginning of FY 21/22**,** the reserve balance will be $22,423,000, an increase of $4,058,000.

Among these increases, $2,247,000 is attributable to the year-to-date gains from TUC's long- and short-term investments, both realized and unrealized, as of 3/31/2021. Despite the COVID-19 pandemic, the US stock markets performed exceptionally well. However, no additional investment gain (loss) is projected for the remaining fiscal year. The sale of University House will replenish the real estate investment fund reserve by $1,338,000 and $253,000 from FY 20/21 surplus will be added to the Campus Store Complex Roof Replacement and Campus Store Complex Building reserves.

Reserves Funded by TUC Operations:

A) Required by Education Code

1. *Current Operations Reserve*. Provides contingency funding for unforeseen events. The Board approved $600,000 for this reserve, approximately three months' General & Administrative expenditures.

2. *Working Capital Reserve*. 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 $2,000,000 based on an average grants and contracts volume of $28,000,000-$33,000,000.

3. *Unplanned Capital Replacement Reserve*. Covers the largest system failure that might occur outside the normal, annual capital budget. The Board approved $400,000 for this reserve.

B) Real Estate-Related Reserves

1. *Real Estate Investment Fund Reserve.* Established to purchase real property for the university's strategic needs, the Board approved a $1,500,000 balance for this reserve. To help fund the Orchard Conference Center (OCC), in FY19/20, $1,245,000 was transferred out to the OCC reserve, reducing this Real Estate reserve to $255,000. In spring of 2021, University House was sold at the price of $1,400,000. The net cash proceeds of the sale, $1,338,000, is added to this reserve, bringing the balance to $1,593,000.

2. *University House Reserve.* Established for future renovation of the University House. This reserve is fully funded at $100,000. Upon the sale of the University House, the balance of this reserve is transferred to the Repairs & Maintenance Reserve for other real estate holdings of TUC. This reserve henceforth is discontinued.

3. *Real Estate Repairs & Maintenance Reserve.* Established for unforeseen major repairs and maintenance related to TUC's housing program. With the additional funding of $100,000 from University House Reserve, this reserve is fully funded at $150,000.

C) Facilities Reserves

1. *Sierra Center Building Reserve*. Established for major repairs and renovations to the Sierra Center building, with a balance of $495,000 at the end FY 20/21, is fully funded to $500,000 for FY 21/22.

2. *Arbor Court Building Reserve.* Established for major repairs and renovations to the Arbor Court building with a target balance of $100,000. This reserve is fully funded.

3. *The Campus Store Complex (CSC) Reserve*. In preparation to eventually replace the CSC roof, this reserve was split into a general CSC Building Reserve with a $500,000 target balance, and a CSC Roof Replacement Reserve with a target balance of $1,000,000. A recent study concluded the current roof is in reasonably good shape and should be able to sustain another 10 years. During FY 19/20, $525,000 was allocated to help fund the OCC project. At the end of FY 20/21, the roof replacement reserve balance is $75,000 and the building reserve is $39,000. FY 20/21 is projected to generate a net cash of $253,000 which will be used to partially fund these two reserves; the CSC Roof Replacement reserve to $263,000 and the CSC Building reserve to $100,000. Full funding target is $1,000,000 for the Roof reserve and $500,000 for the CSC Building reserve.

D) Food Services Reserve

1. *Orchard Conference Center (OCC)*. The reserve balance at the beginning of FY 20/21 was $233,000. It is anticipated that this project will be completed before the end of the fiscal year. No funding is needed for this reserve for FY 21/22.

E) Reseda Annex Replacement Reserve. The Reseda Annex building was purchased in June 2016 and renovated in FY 16/17 and FY 17/18. To ensure sufficient funds for major repair and replacement in the future, a special building reserve is established. The funding of this reserve will come from the net cash generated from the building. This reserve will be $609,000 by the end of FY 21/22. The target amount for this reserve is $750,000.

Reserves Funded by Indirect Cost Recovery Fund:

1. *RSP Reserve for Indirect Cost Recovery Fund*. This reserve covers indirect costs associated with grants and contracts, such as release time and funds set aside under the Large Grant Release Time Program and some research facility maintenance fees. This fund experiences significant activity throughout any given fiscal year.

2. *RSP Reserve for Disallowances*. This reserve covers disallowed costs, as well as extraordinary, irregular or unbudgeted sponsored programs administration costs. According to the established reserve calculation -- 2.5% of a three-year's average of the total RSP revenue -- the recommended reserve balance is $820,000 for FY 21/22. A $20,000 allocation will be made to this reserve, bringing the balance to $820,000.

3. *RSP Reserve for System Improvements*. Established in 2010 for information technology improvements related to a specific award administration, the project will be completed, and the balance of $12,000 will be spent by FY 20/21year end.

Special Reserve:

1. *In support of the University Special Projects.* This reserve is funded in part by TUC contributing 40% of its annual defined net cash generated. The reserve is for the purpose of special projects in support of the university's mission. TUC will allocate $258,000 to this reserve in FY 20/21, and $194,000 in FY 21/22.

At the end of FY 21/22**,** the reserve balance will increase to $22,531,000 funded by FY 21/22 activities.

The University Corporation
Schedule of Reserves
FY 20/21 Projection & FY 21/22 Budget

Description	FY 20/21 Projection			FY 21/22 Budget			
	Actual Balance @7/1/2020	FY 20/21 full year activities	Projected Balance @ 6/30/2021	Allocation of prior yr & net cash generated	Budget Balance@7/1/2021	FY 21/22 full year activities	Projected Balance @ 6/30/2022
I) Funded by TUC's Net Cash Generated							
A) Reserves Required by Education Code:							
Operations reserve (Board established level)	600,000	0	600,000		600,000		600,000
Working Capital reserve(Board established level)	2,000,000	0	2,000,000		2,000,000		2,000,000
Unplanned Capital Replacement reserve (Board established level)	400,000	0	400,000		400,000		400,000
Total EO/BOD designated Reserves	$ 3,000,000		$ 3,000,000		$ 3,000,000		$ 3,000,000
B) Real Estates Reserve							
Real Estate Investment Fund Reserve	255,000	1,337,588	1,592,588		1,592,588		1,592,588
Special Project Reserve for University House	100,000	(100,000)	0		0		0
Repairs & Maintenance Reserve for Housing	50,000	100,000	150,000		150,000		150,000
Total Real Estates Reserve	$ 405,000	1,337,588	$ 1,742,588	0	$ 1,742,588		$ 1,742,588
C) Facilities Reserve							
Reserve for Sierra Center Building	494,819	0	494,819	5,181	500,000		500,000
Reserve for Arbor Court Building	100,000	0	100,000		100,000		100,000
Reserve for Campus Store Complex	80,078	(41,485)	38,593	61,407	100,000		100,000
Reserve for Campus Store Complex - Roof	75,000	0	75,000	186,908	261,908		261,908
Total Facilities Related Reserve	$ 749,897	(41,485)	$ 708,412	253,496	$ 961,908		$ 961,908
D) Food Services Reserve							
Orchard Conference Center (OCC)	232,869	(232,869)	0		0		0
Total Food Services Reserve	$ 232,869	(232,869)	$ -	0	$ -	0	$ -
Net cash generated from Operatioin to replenish reserves :							
From (19/20 & 20/21) operation -Net Cash generated		253,496				$ 291,117	291,117
Net cash allocated to replenish reserves	$ -	(253,496)	$ -				
E) Replacement Reserve for the Reseda Annex Building	$ 352,459	134,100	$ 486,559		$ 486,559	122,559	$ 609,118
Total TUC Operational Reserves (w/o special reserves)	**$ 4,740,225**	**1,197,334**	**$ 5,937,559**	**253,496**	**$ 6,191,055**	**413,677**	**$ 6,604,731**
II) Undesignated General Reserve							
- Cumulated from Long term Investment earnings	3,964,829	2,008,216	5,973,045		5,973,045	300,000	6,273,045
- Cumulated from Short Term Investment earnings	176,085	238,910	414,995		414,995	50,000	464,995
Total Undesignated General Reserves from Investme	$ 4,140,914	2,247,126	$ 6,388,040		$ 6,388,040	350,000	$ 6,738,040
III) Reserves funded by RSP programs:							
RSP Reserve for IDC net available	3,684,112	(170,398)	3,513,714		3,513,714	(34,090)	$ 3,479,624
RSP Reserve for Disallowances	845,000	(45,000)	800,000	20,000	820,000	(15,000)	805,000
RSP Reserve for system related projects	11,571	(11,571)	0		0		
Total Sponsored Program Reserves	$ 4,540,683	(226,969)	$ 4,313,714	20,000	$ 4,333,714	(49,090)	$ 4,284,624
IV) Special Reserves:							
In support of the University Special Projects	4,943,403	566,934	5,510,337		5,510,337	(606,747)	4,903,590
Total Special Reserves	$ 4,943,403	566,934	$ 5,510,337	0	$ 5,510,337	(606,747)	$ 4,903,590
GRAND TOTAL	**$ 18,365,225**	3,784,425	**$ 22,149,650**	273,496	**$ 22,423,146**	107,839	**$ 22,530,985**
				Increase from 7/1/2020	**$ 4,057,921**		

The University Corporation

Division Budgets

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

	GENERAL & ADMINISTRATIVE			CSUN CAMPUS STORE			FOOD SERVICES			REAL ESTATE			SPONSORED PROGRAMS			OPERATIONAL SUMMARY		
	Budget 2020-2021	Projected 2020-2021	Proposed Budget 2021-2022	Budget 2020-2021	Projected 2020-2021	Proposed Budget 2021-2022	Budget 2020-2021	Projected 2020-2021	Proposed Budget 2021-2022	Budget 2020-2021	Projected 2020-2021	Proposed Budget 2021-2022	Budget 2020-2021	Projected 2020-2021	Proposed Budget 2021-2022	Budget 2020-2021	Projected 2020-2021	Proposed Budget 2021-2022
Revenue:																		
Bookstore Commissions	0	0	0	607,641	711,861	672,328	0	0	0	0	0	0	0	0	0	607,641	711,861	672,328
Food Service Sales	0	0	0	0	0	0	856,517	702,312	3,134,746	0	0	0	0	0	0	856,517	702,312	3,134,746
Food Service Commissions/Other Income	0	0	0	0	0	0	9,663	84,204	299,987	0	0	0	0	0	0	9,663	84,204	299,987
Real Estate Rentals	0	0	0	0	0	0	0	0	0	1,363,826	1,454,598	1,510,439	0	0	0	1,363,826	1,454,598	1,510,439
Grants & Contracts	0	0	0	0	0	0	0	0	0	0	0	0	29,676,114	25,243,760	27,774,666	29,676,114	25,243,760	27,774,666
Indirect Cost Recovery	0	0	0	0	0	0	0	0	0	0	0	0	5,323,886	4,315,326	4,714,915	5,323,886	4,315,326	4,714,915
Licensing	$ 72,000	$ 72,000	$ 72,000	0	0	0	0	0	0	0	0	0	0	0	0	72,000	72,000	72,000
Rental Income	467,310	516,748	471,593	0	0	0	0	0	0	0	0	0	0	0	0	467,310	516,748	471,593
Endowment Admin. Fee	100,215	144,935	144,996	0	0	0	0	0	0	0	0	0	0	0	0	100,215	144,935	144,996
Other Income	42,628	105,947	328,717	0	0	0	0	0	0	0	0	0	0	10	0	42,628	105,957	328,717
Total Revenue	682,153	839,631	1,017,306	607,641	711,861	672,328	866,180	786,516	3,434,733	1,363,826	1,454,598	1,510,439	35,000,000	29,559,095	32,489,581	38,519,800	33,351,700	39,124,387
Operating Expenses:																		
Grants & Contracts Direct Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	29,675,043	25,256,994	27,774,666	29,675,043	25,256,994	27,774,666
Cost of Goods Sold	0	0	0	0	0	0	449,245	365,199	1,134,500	0	0	0	0	0	0	449,245	365,199	1,134,500
Salaries & Wages	1,138,910	1,118,430	1,218,356	34,900	33,899	45,192	571,714	678,266	1,543,656	75,092	89,924	68,124	503,527	477,724	492,780	2,324,143	2,398,244	3,368,108
Benefits	371,231	337,412	314,453	12,273	14,324	20,100	182,232	227,773	467,988	15,335	17,027	12,000	192,133	149,917	150,036	773,204	746,453	964,577
Temporary Help	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Allowance for Doubtful Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debts	5,000	3,700		15,000	0	0	0	0	0	0	0		0	0	0	20,000	3,700	0
Bank Charges	5,000	3,712	5,640	0	0	0	2,787	1,917	5,800	0	0	0	0	0	0	7,787	5,629	11,440
Bldg/Operating/Health Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Building/Sanitation/Custodial	145,835	25,148	98,602	0	0	0	76,278	57,915	50,980	17,500	14,206	14,604	0	0	0	239,613	97,269	164,186
Communications/Telephone/Pagers	24,504	24,430	27,936	0	0	0	44,438	24,267	99,102	2,280	1,545	984	2,016	525	2,400	73,238	50,768	130,422
Depreciation & Amortization	382,204	369,843	435,354	49,648	49,646	49,644	1,026,618	1,062,708	1,239,000	368,451	365,481	346,020	0	0	0	1,826,921	1,847,678	2,070,018
Dues & Subscriptions	10,465	7,999	11,663	0	0	0	12,820	12,198	6,616	7,860	7,397	8,400	100	600	600	31,245	28,193	27,279
Equipment/Equipment Rental	11,596	12,412	8,800	0	0	0	12,233	3,948	12,100	900	1,275	1,320	4,000	5,500	7,000	28,729	23,135	29,220
Fees	0	149	0	0	0	0	45,360	22	31,300	192,060	192,060	192,060	0	0	0	237,420	192,231	223,360
Royalties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Freight/Postage/Mail Service	20,404	16,876	16,800	0	0	0	5,460	2,227	3,100	0	46	0	1,400	250	1,000	27,264	19,399	20,900
Insurance	139,095	169,535	158,280	18,592	19,776	3,624	133,768	71,179	88,648	30,996	29,628	27,948	35,136	33,621	94,332	357,587	323,739	372,832
Interest Expense	63,468	63,466	48,612	0	0	0	100,416	100,428	92,904	152,532	146,384	135,516	0	0	0	316,416	310,278	277,032
Taxes & Licenses	14,330	14,330	11,820	1,000	1,472	1,520	20,154	33,620	24,982	138,012	138,642	142,068	0	0	0	173,496	188,064	180,390
Legal & Audit Fees	55,431	52,580	63,621	0	0	0	2,050	100	500	12,181	5,960	9,720	30,636	27,396	29,964	100,298	86,036	103,805
Marketing/Advertising	1,000	0	0	350	285	360	35,600	8,811	46,500	3,685	1,140	3,264	0	0	0	40,635	10,236	50,124
Paper Goods	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parking & Security	3,853	1,009	1,646	0	0	0	1,628	9,000	2,800	0	0	0	0	0	0	5,481	10,009	4,446
Professional Services	496,237	411,655	444,740	0	14,168	39,996	194,299	208,157	165,800	21,156	17,747	21,360	103,631	43,371	49,824	815,323	695,097	721,720
Rent/Lease Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	163,386	162,031	201,443	0	0	0	103,292	131,012	240,943	10,200	6,665	9,060	0	0	0	276,878	299,708	451,446
Repairs & Maintenance	78,964	57,836	71,659	0	0	0	57,632	62,372	48,505	244,342	236,383	251,100	0	0	0	380,938	356,590	371,264
Supplies	37,015	12,592	24,035	0	0	0	14,598	14,707	15,700	2,000	1,130	1,692	6,000	400	9,300	59,613	28,829	50,727
Training/Conference Fees	10,748	2,824	8,500	0	0	0	35,384	150	46,800	1,000	660	1,740	0	0	0	47,132	3,634	57,040
Travel/Hospitality	25,956	1,209	19,950	0	0	0	0	0	0	2,500	300	1,512	31,750	150	15,300	60,206	1,659	36,762
Total Operating Expenditures	3,204,632	2,869,179	3,191,910	131,763	133,570	160,436	3,128,006	3,075,976	5,368,224	1,298,082	1,273,598	1,248,492	30,585,372	25,996,448	28,627,202	38,347,855	33,348,770	38,596,264
Net Surplus (Deficit) Before G&A	(2,522,479)	(2,029,548)	(2,174,604)	475,878	578,291	511,892	(2,261,826)	(2,289,460)	(1,933,491)	65,744	180,999	261,947	4,414,628	3,562,647	3,862,379	171,945	2,930	528,123
G&A Related Overhead																		
Allocation of General & Administrative	(2,522,479)	(2,029,548)	(2,174,604)	316,055	359,465	372,079	339,181	385,767	399,305	115,630	131,512	136,127	1,751,614	1,152,805	1,267,094	0	0	0

GENERAL AND ADMINISTRATIVE (G&A)

There are six departments in the G&A Division: Executive, Financial Services, Human Resources, Campus Store Complex (CSC), Sierra Center, and Arbor Court. Other than the food operations, KCSN radio station and the College of Social & Behavioral Sciences occupy spaces in the Campus Store Complex and their rents are paid by CSUN Central Finance. The budget for the CSC operation includes all facilities-related expenses and rental revenue received from CSUN, the College of Extended Learning, Quick Copies, and common area maintenance reimbursement from Panda Express and El Pollo Loco. The other revenue sources for this division are the Pepsi pouring rights, the licensing management fees, as well as endowment and agency administration fees.

Fiscal Year 20/21 Projection:

	20/21 Budget	**20/21 Projected**	***Variance***
Operating expense: *(w/o post-retirement medical)*	$3,205,000	$2,869,000	*$336,000*
Revenue:	682,000	840,000	*158,000*
Net G&A surplus:	(2,523,000)	(2,029,000)	*494,000*

For FY 20/21 the G&A net surplus reflects an improvement of $494,000 as a result of revenue increases and several expense savings in response to facility closures due to COVID-19.

The increased revenue of $158,000 is a result of receiving an unplanned partial sponsorship payment from the Pepsi contract as well as the receipt of higher than planned licensing management fees and agency/endowment fees. Other activities continued in a virtual format, therefore some agency fees were collected.

While some expense categories were higher than budget, these were offset by the overall reductions in many expense categories as a result of building and facility closures. The net effect is a saving of $336,000. The major variances that contribute to this savings are listed below.

- $121,000 Building/sanitation savings due to facility closures.
- $85,000 Savings in professional services resulting from reduced administrative MOUs due to COVID-19 and savings in monthly ADP payroll services due to employee layoffs.
- $54,000 Payroll & benefits from unfilled positions and lower overall benefit rates.
- $12,000 Savings in depreciation due to incomplete capital projects which will shift to FY 21/22.
- ($30,000) Increased insurance expense due to reallocation of insurance premiums.
- $46,000 Combined savings in repairs & maintenance and supplies.

Fiscal Year 21/22 Budget:

The proposed FY 21/22 G&A net budget surplus is $146,000 better than FY 20/21 projection.

	20/21 Projected	**21/22 Budget**	***Variance***
Operating expense: *(w/o post-retirement medical)*	$2,869,000	$3,192,000	*(323,000)*
Income:	840,000	1,017,000	*177,000*
Net G&A surplus:	(2,029,000)	(2,175,000)	*(146,000)*

The increase in G&A net expenses reflects the combination of higher facilities related expenses which includes payroll & benefits of buildings/facilities closed in FY 20/21. Expenses were artificially low in FY 20/21 and are returning to a more normal level in FY 21/22 as the campus population slowly returns. The 3.5 administrative positions eliminated in FY 20/21 will not be reinstated. Despite the overall increase in payroll/benefits of $76,000, it should be noted that a salary savings in each of the general administrative areas has been realized since FY 19/20.

- Executive $53,000
- Human Resources $53,000
- Accounting $160,000

Significant facilities related expenses increase in the G&A budget are listed below as compared to prior year. Other income will increase from prior year primarily due to the receipt of a full Pepsi sponsorship payment.

- Increased building/sanitation expense ($73,000)
- Increased depreciation/amortization from OCC project ($66,000)
- Increased utilities expense ($39,000)
- Increased professional services from administrative MOUs returning to normal levels ($33,000)

The University Corporation
FY 21/22 Budget Summary

4/21/21 6:13 PM

SUMMARY OF ALL ADMIN DEPARTMENTS

	Budget FY 20/21	Projection FY 20/21	BUDGET FY 21/22	Change fr 20/21 Projected	Actual FY 19/20
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Cost of goods sold %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	1,138,910	1,118,430	1,218,356	(99,926)	1,592,055
Benefits	371,231	337,412	314,453	22,959	(984,180)
Total Payroll & Benefits	1,510,141	1,455,842	1,532,809	(76,967)	607,875
Total Payroll & Benefits %	*0*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bad Debts	5,000	3,700	-	3,700	23,435
Bank charges	5,000	3,712	5,640	(1,928)	6,279
Communications/Telephone	24,504	24,430	27,936	(3,506)	27,491
Depreciation & Amort	382,204	369,843	435,354	(65,511)	369,739
Dues & Subscriptions	10,465	7,999	11,663	(3,664)	17,673
Equipment/Equip Rental	11,596	12,412	8,800	3,612	16,143
Bldg/Sanitation/Custodial	145,835	25,148	98,602	(73,454)	150,752
Fees	-	149	-	149	3,816
Freight/Postage/Mail Serv	20,404	16,876	16,800	76	8,624
Insurance	139,095	169,535	158,280	11,255	116,567
Interest Expense	63,468	63,466	48,612	14,854	68,160
Taxes & Licenses	14,330	14,330	11,820	2,510	14,079
Legal & Audit Fees	55,431	52,580	63,621	(11,041)	63,755
Marketing/Advertising	1,000	-	-	-	646
Paper Goods	-	-	-	-	-
Paper Goods %	*#DIV/0!*	*#DIV/0!*	*#DIV/0!*	#DIV/0!	*#DIV/0!*
Parking & Security	3,853	1,009	1,646	(637)	3,502
Professional Services	496,237	411,655	444,740	(33,085)	497,302
Rent	-	-	-	-	-
Utilities	163,386	162,031	201,443	(39,412)	232,776
Repairs and Maintenance	78,964	57,836	71,659	(13,823)	100,249
Supplies	37,015	12,592	24,035	(11,443)	61,997
Training/Conference Fees	10,748	2,824	8,500	(5,676)	7,008
Travel/Hospitality	25,956	1,209	19,950	(18,741)	38,421
Total Operating Expenses	3,204,632	2,869,179	3,191,910	(322,731)	2,436,288
Operating Surplus	(3,204,632)	(2,869,179)	(3,191,910)	(322,731)	(2,436,288)
Other Income	682,153	839,631	1,017,306	177,675	1,231,021
Surplus before Allocations	(2,522,479)	(2,029,548)	(2,174,604)	(145,056)	(1,205,268)
	(2,522,479)	(2,029,548)	(2,174,604)	(145,056)	(1,205,268)
	-	-	-	-	-
W/O depreciation	(2,140,275)	(1,659,705)	(1,739,250)	(210,567)	(835,529)

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 includes a minimum annual commission guarantee to TUC of $1,224,000. Additionally, an aggregate payment of $2,000,000 to TUC with $1,000,000 paid in 2015, and the remaining $1,000,000 payment was received in November 2020. Each of these payments to be amortized over the life of the contract.

Increased competition from online book sales, coupled with a decrease in students purchasing the required course materials, continues to negatively impact the CSUN Campus Store. The CSUN Campus Store's sales declined for over a decade. The FY 21/22 commission budget is $472,000 compared to a projected $512,000 in FY 20/21. Although TUC has a contractual minimum guarantee of $1,224.000 per year, there is also a provision stating that in the event that in any given year significant changes to the market that materially impact store sales, only the calculated commission shall be due and owed to TUC. With the primarily virtual campus due to COVID-19 in FY 20/21, the minimum guarantee of $1,224,000 will not apply for FY 20/21. Moreover, the minimum guarantee will not apply for FY 21/22 due to the anticipated very low campus foot traffic during the Fall semester and potential residual impacts in Spring 2022.

The increase in online learning as a result of COVID-19 has presented many challenges for CSUN students, among them economic and access challenges. Fortunately, with Follett's continued expansion of its Immediate Access (IA) program at CSUN (*MyCSUNDigitalAccess)* (MCDA), Fall 2020 saw more than a threefold increase in MCDA courses, representing more than 200 class sections. Over the course of the 20/21 fiscal year, 17,000+ students participated in the program. It stands to reason that if students have their required learning materials, they will perform better than if they do not. With that, TUC management and Follett contend that MCDA can also contribute toward reducing the equity gap, which is one of the program's goals. Currently 27% of the sections participating are on the Top 100 high DFU list. The goal is to continue to scale up the MCDA program over the coming years. In FY 21/22, this focus will continue as well as the goal to implement an "All Access Program" for first time freshman.

Fiscal Year 20/21 Projection

FY 20/21 results will be better than budget in revenue by $104,000, resulting from a conservative budget. Follett's second $1,000,000 aggregate payment was received in November 2020 and will be amortized over five years. There will be savings in bad debts due to the campus reimbursement of the $15,000 uncollected student accounts from the past years' MCDA program. Additionally, there will be $14,000 in consultant expenses (Professional Services) to support potential contract renegotiation as well as to support the implementation of the freshman access program. Overall operating expenses are projected to be over budget by $2,000 primarily due to slightly higher payroll and insurance costs.

	FY 20/21 Budget	FY 20/21 Projection	Variance
Commission Revenue	$408,000	$512,000	$104,000
Amortization of the $1,000,000 payment	200,000	200,000	0
Operating expenses	(132,000)	(134,000)	(2,000)
Net Surplus	$476,000	$578,000	$102,000

Fiscal Year 21/22 Budget

CSUN Campus Store's commissionable sales are projected to continue to decline. Although the MCDA program is expected to continue to expand, this growth does not offset the ongoing traditional bookstore sales decline of 12%. Operating expenses will be higher by $27,000 due to $17,000 higher in payroll expenses and $26,000 higher in professional services from consulting services. There is a $16,000 savings in insurance costs due to re-allocation of the insurance premium among TUC departments.

	FY 20/21 Projection	FY 21/22 Budget	Variance
Commission Revenue	$512,000	$472,000	(40,000)
Amortization of the $1,000,000 payment	200,000	200,000	0
Operating expenses	(134,000)	(160,000)	(26,000)
Net Surplus	$578,000	$512,000	($66,000)

First-Time Freshmen Access Program

TUC Management is in discussions with Follett to implement a program to provide all incoming Fall 2021 first-time freshmen with their required books and leaning materials at no cost. In turn, the cost of this program, if approved by the university, estimated at $1,800,000, will be funded utilizing Federal HEERF II funds.

Incoming first-time freshmen will be coming out of high school senior year with historically unprecedented challenging learning experiences. Opportunities to mitigate against disadvantages these students are facing must be pursued. It is an exciting prospect to provide all incoming Fall 2021 first-time freshmen with their required books and learning materials at no cost to the student. Once the program is implemented, approximately 55% of the learning materials will be provided digitally with the remainder in print format. The print books will be returned at the end of the semester similar to the existing rent-a-text program.

The University Corporation *4/21/21 6:22 PM*
FY 21/22 Budget Summary
Dept Name = Campus Book Store

	Budget FY 20/21	Projection FY 20/21	BUDGET FY 21/22	Change fr 20/21 Projected	Actual FY 19/20
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Cost of goods sold %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	34,900	33,899	45,192	(11,293)	22,011
Benefits	12,273	14,324	20,100	(5,776)	10,754
Total Payroll & Benefits	47,173	48,223	65,292	(17,069)	32,765
Total Payroll & Benefits %	*0*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bad Debts	15,000	-	-	-	11,086
Bank charges	-	-	-	-	-
Communications/Telephone	-	-	-	-	-
Depreciation & Amort	49,648	49,646	49,644	2	49,648
Dues & Subscriptions	-	-	-	-	-
Equipment/Equip Rental	-	-	-	-	-
Bldg/Sanitation/Custodial	-	-	-	-	-
Fees	-	-	-	-	-
Freight/Postage/Mail Serv	-	-	-	-	-
Insurance	18,592	19,776	3,624	16,152	17,707
Interest Expense	-	-	-	-	-
Taxes & Licenses	1,000	1,472	1,520	(48)	(32,350)
Legal & Audit Fees	-	-	-	-	-
Marketing/Advertising	350	285	360	(75)	355
Paper Goods %	*#DIV/0!*	*#DIV/0!*	*#DIV/0!*	*#DIV/0!*	*#DIV/0!*
Parking & Security	-	-	-	-	-
Professional Services	-	14,168	39,996	(25,829)	-
Rent	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Supplies	-	-	-	-	-
Training/Conference Fees	-	-	-	-	-
Travel/Hospitality	-	-	-	-	-
Total Operating Expenses	131,763	133,570	160,436	(26,866)	79,213
Operating Surplus	(131,763)	(133,570)	(160,436)	(26,866)	(79,213)
Other Income	607,641	711,861	672,328	(39,533)	1,043,291
Surplus before Allocations	475,878	578,291	511,892	(66,399)	964,078
	475,878	578,291	(511,892)	(66,399)	964,078
	-	-		-	-
W/O depreciation	525,526	627,938	561,536	(66,397)	1,013,726

FOOD SERVICES

The Food Service division's FY 20/21 has been a year of transformational change. The food service division was outsourced to Chartwells Higher Education Group (CHE) beginning August 1, 2020 and is now called Matador Eats. The first year of the CHE contract is a cost-plus management fee model, meaning TUC is responsible for all fixed costs and expenses associated with Matador Eats, as well as paying CHE a fee for their services to operate the small residential dining program in Student Housing. The fiscal year began at the height of the COVID-19 pandemic and has been a year severely impacted by COVID-19 restrictions.

The Food Service division is comprised of twenty operating units, including: four national brands (Burger King, Subway, Panda Express, El Pollo Loco); two regional brands (Juice It Up, Shake Smart); five self-branded Freudian Sip coffee houses; food operations consisting of the Sierra Center Marketplace, The Orchard Conference Center (replacing the Orange Grove Bistro), Arbor Grill, The Pub Sports Grill (serving food and beer), Geronimo's/Bamboo Terrace residential dining, Vending, Matador Concessions, Soraya Concessions, and Food Services Management. During FY 20/21 all dining locations remained closed except for the operation of a small residential dining program in Student Housing which included the Matador Mercado.

Fiscal Year 20/21 Projection

With the campus remaining primarily virtual through the Summer of 2020, there was no conference nor catering revenue. The fall semester began with the operation of Geronimo's and one unit on main campus to support the small residential dining program. The effects of the pandemic continue to affect the financial performance of the division and the total annual net deficit for FY 20/21 is projected to be ($2,289,000), which is $27,000 worse to budget. When adding back the non-cash depreciation the cash deficit is ($1,245,000).

Revenue & Meal Plans:
For the fall semester, the foodservice program included opening only three food service locations; residential dining, a convenience store in Student Housing, and the El Pollo Loco in the Campus Store Complex. All three locations opened with reduced hours of operation. After two weeks the El Pollo Loco closed its store due to poor sales. At that time CHE decided to move the Housing Matador Mercado into one of Geronimo's dining rooms. This relocation will save $58,000 in labor over the course of FY 20/21.

CSUN Student Housing found itself under stringent COVID-19 restrictions and ultimately was only permitted to provide fall semester housing to the most vulnerable population of CSUN students. This resulted in 206 meal plan participants for the fall semester. Typically, there would be about 1,500 meal plan participants. This planned reduction in service comes with increased costs due to the adherence to strict safety guidelines imposed by the L.A. County Department of Public Health (LACDPH) including physical distancing protocols, disinfecting protocols, and serving all food as take out only.

Labor: CHE's management team consists of a Resident District Manager and an Executive Chef, the minimum level of management needed to operate the residential meal plan as well as plan and prepare to scale up the food program. With meal plan participation at critically low levels, and no units open on the main campus, there is not enough revenue to offset the amount of labor that CHE needs to operate. CHE committed to hiring as many former TUC employees as possible and their staff currently stand at roughly 90% former TUC employees.

Cost of Goods Sold (COGS): COGS percentage to sales are projected slightly below budget at 52%. CHE was able to utilize existing TUC inventory of goods by tailoring menus to the ingredients that were on campus. This resulted in minimal food waste and positively impacted COGS.

OGB Replacement – Orchard Conference Center and Catering (OCC): The OCC construction project was able to continue throughout the pandemic without delay and is on track to be completed by July 1, 2021. With an anticipated FY 21/22 campus population estimated at 25% of normal, the decision is to postpone the opening of this facility until Spring 2022.

In summary, all factors result in a projected FY 20/21 negative variance to budget of ($27,000), and a total operational deficit of ($2,289,000). When depreciation is added back, the net deficit is ($1,245,000). Note: FY 19/20 actual net surplus was $1,135,000.

	20/21 Budget	**20/21 Projected**	***Variance***
Revenue	$856,000	$702,000	$(154,000)
COGS	449,000	365,000	84,000
Payroll	572,000	678,000	(106,000)
Benefits	182,000	228,000	(46,000)
Depreciation	1,027,000	1,062,000	(36,000)
Other operating expenses	898,000	742,000	156,000
Operating surplus	(2,271,000)	(2,373,000)	(102,000)
Other income	9,000	84,000	75,000
Net Cash Generated	(2,262,000)	(2,289,000)	(27,000)

	20/21 Budget	**20/21 Projected**	**Variance**
Operating Costs (as % of Sales)			
COGS	52.5%	52.0%	0.5%
Payroll	67.0%	97.0%	(30.0%)
Benefits (as % of Payroll)	32.0%	34.0%	(2.0%)
Total Payroll & Benefits	88.0%	129.0%	(41.0%)

Fiscal Year 21/22 Budget

The FY 21/22 budget assumes that the campus will reopen with limited in-person instruction in the fall semester. This will result in greatly reduced foot traffic on campus. The Food Service division is preparing to downsize – from a typical year – food service locations to meet the predicted reduced campus population and is forecasting 25% capacity in the fall and 70% capacity in the spring.

At these capacity levels CHE will continue to operate under a cost-plus management fee model. Should capacity levels rise over the course of the school year, the financial model between CHE and TUC will be re-evaluated.

Revenue & Meal Plans:
At this time, it is estimated that 800 students (about 25% of a traditional year) may reside in Student Housing for the fall semester as permitted by health officials. At this occupancy level, TUC forecasts 300 meal plan participants; which is a likely worst-case scenario. This reduced level of participation continues to come with increased costs due to strict safety guidelines imposed by the LACDPH including physical distancing protocols and enhanced cleaning protocols. If permitted by LACDPH the plan is to provide in-person dining following stringent safety measures. On the main campus, with 25% capacity forecasted for the fall semester, CHE will only open the food units within the Campus Store Complex (Matador Mercado, Juice It Up, El Pollo Loco, Panda Express, and Burger King). This will provide interior and exterior seating as well as a broad selection of dining options.

For the spring 2022 semester, TUC is planning to operate at a 70% campus population level, and assumes Student Housing occupancy may increase to 1,400 residents resulting in 600 meal plan participants, up from 300 in the fall. Residential Dining returns to regular hours of operation at Geronimo's, Bamboo Terrace and the Student Housing Matador Mercado. With this increase in the main campus capacity CHE will also open Arbor Grill and Freudian Sip Arbor Grill in the spring semester.

The Orchard Conference Center also comes online and will provide additional meeting space and catering for the campus.

The coming year's operational approach will result in total FY 21/22 revenue for the Food Services division of $3,135,000 with a budgeted operational deficit of ($1,933,000); $356,000 better than FY 20/21 projection. When depreciation is added back, net deficit is reduced to ($773,000).

Cost of Goods Sold: With the slight increase in overall revenue, cost of goods sold falls back to a normal level at 36.2%, 15.8% better than 20/21 projected COGS.

Labor: As a percentage of sales, labor is 64.8% better than projected for FY 20/21. As revenue returns to normal, labor as a percentage will continue to decrease.

As CHE expands the operations on campus they will continue in their commitment to hire former TUC employees.

Operations: With reduced foot traffic on campus there will be fewer customers to serve. By consolidating all fall semester food services in the Campus Store Complex, CHE will be able to provide a broad selection of menu options in the most efficient manner. Interior and exterior seating were also taken into consideration when determining which locations to open. In the spring semester as the campus population continues to grow, Arbor Grill and Freudian Sip Arbor Grill will open providing additional dining options to the north/central campus. As the campus repopulates throughout the year, CHE is prepared to open additional dining locations and adjust operations as necessary to meet the needs of the campus community.

Fall Semester – Campus Store Complex (CSC)

- *Matador Mercado*
- *Juice It Up*
- *El Pollo Loco*
- *Panda Express*
- *Burger King*

Spring Semester – Spring semester will include the CSC units above as well as the units below.

- *Arbor Grill*
- *Arbor Court: Freudian Sip*
- *The Orchard Conference Center*

Orchard Conference Center: The new OCC opens in Spring 2022. The budget shows a $210,000 cost to TUC which includes depreciation, building expenses, maintenance, and utilities. With CHE's vast resources including marketing support, professional development, and culinary expertise, they are amply suited to operate the conference center and provide consistent, high quality catering to the campus community. Once campus operations fully resume, it is expected there will be synergies between the operations of the OCC, The Soraya and ultimately the Hilton Garden Inn.

During the beginning of FY 21/22, TUC and CHE will partner to introduce the new catering policy and services of CHE to the campus community. The expectation for the future of this program is a net surplus or breakeven. $120,000 in catering revenue is forecast for the spring semester.

The Food Service division budgeted deficit for FY 21/22 is ($1,933,000), better by $356,000 from FY 20/21 projections. When depreciation is added back, Food Services has a deficit of ($773,000) for FY 21/22, or $473,000 better than FY 20/21 projections.

	20/21 Projected	**21/22 Budget**	***Variance***
Revenue	$702,000	$3,135,000	*$2,433,000*
COGS	365,000	1,134,000	*(769,000)*
Payroll	678,000	1,544,000	*(866,000)*
Benefits	228,000	468,000	*(240,000)*
Depreciation	1,062,000	1,239,000	*(177,000)*
Other operating expenses	742,000	983,000	*(241,000)*
Operating surplus	(2,373,000)	(2,233,000)	*140,000*
Other income	84,000	300,000	*216,000*
Net Cash Generated	(2,289,000)	(1,933,000)	*356,000*

	20/21 Projected	**21/22 Budget**	**Variance**
Operating Costs (as % of Sales)			
COGS	52.0%	36.2%	(15.8%)
Payroll	97.0%	49.0%	(48.0%)
Benefits (as % of Payroll)	34.0%	30.0%	(4.0%)
Total Payroll & Benefits	129.0%	64.2%	(64.8%)

In summary, in FY 21/22, TUC and CHE will continue to adapt to the ever-changing challenges COVID-19 brings. To date, despite facing the challenges of COVID-19, the partnership with CHE has proven quite beneficial. The resources, experience, and knowledge CHE brings has already eased much of the operational burden. CHE will continue to plan for and execute a full campus roll out as demand increases.

The University Corporation
FY 21/22 Budget Summary

4/21/21 11:02 PM

SUMMARY OF ALL FOOD SERVICES

	Budget FY 20/21	Projection FY 20/21	BUDGET FY 21/22	Change fr 20/21 Projected	Actual FY 19/20
Net Sales	856,517	702,312	3,134,746	2,432,434	12,943,337
Cost of Goods Sold	449,245	365,199	1,134,500	(769,301)	4,772,037
Cost of goods sold %	*52.5%*	*52.0%*	*36.2%*	*-31.6%*	*36.9%*
Gross Margin	407,272	337,113	2,000,246	1,663,133	8,171,300
Operating Expenses					
Payroll Costs	571,714	678,266	1,543,656	(865,390)	4,303,364
Benefits	182,232	227,773	467,988	(240,215)	1,030,450
Total Payroll & Benefits	753,946	906,040	2,011,644	(1,105,604)	5,333,814
Total Payroll & Benefits %	*88.0%*	*129.0%*	*64.2%*	*-45.5%*	*41.2%*
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bank charges	2,787	1,917	5,800	(3,883)	240,887
Communications/Telephone	44,438	24,267	99,102	(74,835)	15,709
Depreciation & Amort	1,026,618	1,062,708	1,239,000	(176,292)	1,135,011
Dues & Subscriptions	12,820	12,198	6,616	5,582	12,731
Equipment/Equip Rental	12,233	3,948	12,100	(8,152)	52,833
Bldg/Sanitation/Custodial	76,278	57,915	50,980	6,935	167,152
Fees	45,360	22	31,300	(31,278)	426,442
Freight/Postage/Mail Serv	5,460	2,227	3,100	(873)	1,644
Insurance	133,768	71,179	88,648	(17,469)	52,275
Interest Expense	100,416	100,428	92,904	7,524	105,946
Taxes & Licenses	20,154	33,620	24,982	8,638	24,579
Legal & Audit Fees	2,050	100	500	(400)	919
Marketing/Advertising	35,600	8,811	46,500	(37,689)	221,453
Paper Goods	-	-	-	-	-
Paper Goods %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Parking & Security	1,628	9,000	2,800	6,200	12,321
Professional Services	194,299	208,157	165,800	42,357	242,341
Rent	-	-	-	-	-
Utilities	103,292	131,012	240,943	(109,931)	284,222
Repairs and Maintenance	57,632	62,372	48,505	13,867	194,318
Supplies	14,598	14,707	15,700	(993)	205,069
Training/Conference Fees	35,384	150	46,800	(46,650)	1,930
Travel/Hospitality	-	-	-	-	12,688
Total Operating Expenses	2,678,761	2,710,776	4,233,724	(1,522,948)	8,744,284
Operating Surplus	(2,271,489)	(2,373,663)	(2,233,478)	140,185	(572,984)
Other Income	9,663	84,204	299,987	215,783	572,544
Surplus before Allocations	(2,261,826)	(2,289,460)	(1,933,491)	355,969	(440)
	(2,261,826)	(2,289,460)	(1,933,491)	355,969	(440)
	-	-		-	(0)
Surplus (w/o depreciation)	(1,235,208)	(1,226,751)	(694,491)	532,260	1,134,571
Adding back CHE's depreci	**0**	**(18,500)**	**(78,200)**	**(59,700)**	**0**
Surplus (w/o depreciation)	**(1,235,208)**	**(1,245,251)**	**(772,691)**	**472,560**	**1,134,571**

REAL ESTATE

TUC's real estate program includes thirty-three townhomes in College Court, eight single-family homes, a commercial building on Reseda Boulevard, and two unimproved lots contiguous to campus. In addition, TUC manages the North Campus Development Corporation (NCDC) in partnership with the university to support its academic mission.

The Real Estate Department's mission is to provide affordable housing for faculty and staff, to positively impact the areas surrounding CSUN, and to acquire, manage, and expand the real property holdings for the benefit of the university. Additionally, these investments provide a steady stream of rental revenue and allows the potential appreciation in market value of these real properties.

The three-year maximum tenancy limits policy at College Court affects annual vacancy rate, with certain years having a larger number of vacancies than other years. To accommodate a variety of issues related to the COVID-19 pandemic, TUC extended all existing tenant's maximum lease tenancy limits by a total of eighteen (18) months (six (6) months in April 2020 and an additional twelve (12) months in February 2021). Even with these lease tenancy extensions, FY 20/21 was a high vacancy year, averaging twelve (12%) percent vacancy rate with most vacancies occurring during the period of September 2020 to March 2021. It is anticipated that the FY 21/22 will improve to a nine (9%) percent vacancy rate.

For the benefit of CSUN's faculty and staff, TUC charges below market rents for the units at College Court and single-family homes. For FY 21/22, considering the potential impact of the COVID-19 pandemic on TUC tenants, TUC will not budget a rental rate increase for the existing tenants residing in all TUC housing properties.

Fiscal Year 20/21 Projection

The FY 20/21 projected surplus is favorable to budget by $115,000.

	20/21 Budget	**20/21 Projected**	***Variance Better (Worse)***
Revenue	$1,364,000	$1,455,000	*$91,000*
Expenses	1,298,000	1,274,000	*24,000*
Net Surplus	66,000	181,000	*115,000*

Significant factors:

- $91,000 higher revenue resulting from the extension of the tenancy limits which lower the vacancy rate for the year.
- $24,000 lower operating expenses; due to fewer units turning over, lower repairs and maintenance, facilities related expenses and legal fees.

Fiscal Year 21/22 Budget

The Net Surplus for FY 21/22 is budgeted at $262,000, which is better than FY 20/21 projected by $81,000.

	20/21 Projected	**21/22 Budget**	***Variance***
Revenues	$1,455,000	$1,511,000	*$56,000*
Expenses	1,274,000	1,249,000	*25,000*
Net Surplus	181,000	262,000	*81,000*

Significant factors:

- Revenue is $56,000 higher, anticipating a lower vacancy rate at College Court as the impact of the tenancy limit extension continues, no foreseeable single-family home turnovers, and a 1.7% consumer price index (CPI) rent increase for the Reseda Annex lease.
- The decrease in expenses by $25,000 is mainly due to lower depreciation expense from the sale of University House and lower interest expenses.

When adding back the non-cash depreciation expense of $365,000, the Real Estate operation is cash positive at $546,000 for FY 20/21. For FY 21/22, after adding back non-cash depreciation expense of $346,000, the department is cash positive at $608,000.

The University Corporation
FY 21/22 Budget Summary

4/21/21 6:25 PM

SUMMARY OF ALL REAL ESTATE

	Budget FY 20/21	Projection FY 20/21	BUDGET FY 21/22	Change fr 20/21 Projected	Actual FY 19/20
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Cost of goods sold %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	75,092	89,924	68,124	21,800	102,387
Benefits	15,335	17,027	12,000	5,027	34,580
Total Payroll & Benefits	90,427	106,951	80,124	26,827	136,967
Total Payroll & Benefits %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bank charges	-	-	-	-	-
Communications/Telephone	2,280	1,545	984	561	2,795
Depreciation & Amort	368,451	365,481	346,020	19,461	374,151
Dues & Subscriptions	7,860	7,397	8,400	(1,003)	7,334
Equipment/Equip Rental	900	1,275	1,320	(45)	87
Bldg/Sanitation/Custodial	17,500	14,206	14,604	(398)	13,750
Fees	192,060	192,060	192,060	-	192,414
Freight/Postage/Mail Serv	-	46	-	46	148
Insurance	30,996	29,628	27,948	1,680	26,561
Interest Expense	152,532	146,384	135,516	10,868	152,826
Taxes & Licenses	138,012	138,642	142,068	(3,426)	134,947
Legal & Audit Fees	12,181	5,960	9,720	(3,760)	6,647
Marketing/Advertising	3,685	1,140	3,264	(2,124)	1,307
Paper Goods	-	-	-	-	-
Paper Goods %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Parking & Security	-	-	-	-	420
Professional Services	21,156	17,747	21,360	(3,613)	16,581
Rent	-	-	-	-	-
Utilities	10,200	6,665	9,060	(2,395)	6,665
Repairs and Maintenance	244,342	236,383	251,100	(14,717)	273,804
Supplies	2,000	1,130	1,692	(562)	2,522
Training/Conference Fees	1,000	660	1,740	(1,080)	595
Travel/Hospitality	2,500	300	1,512	(1,212)	1,428
Distributions&Reserve Activity	-	-	-	-	-
Total Operating Expenses	1,298,082	1,273,598	1,248,492	25,106	1,351,948
Operating Surplus	(1,298,082)	(1,273,598)	(1,248,492)	25,106.49	(1,351,948)
Other Income	1,363,826	1,454,598	1,510,439	55,841	1,451,508
Surplus before Allocations	65,744	180,999	261,947	80,948	99,560
	65,744	180,999	261,947	80,948	99,560
	-	-	-	-	-
W/O depreciation	434,195	546,480	607,967	100,409	473,710

RESEARCH & SPONSORED PROGRAMS (RSP)

Under its operating agreement with the university, The University Corporation (TUC) manages the post-award administration of research and sponsored programs. After subtracting from the recovered indirect cost (IDC) all operation expenditures related to post-award administration (RSP, Accounting, Human Resources, Information Technology and others), and RSP reserve allocation, which funds disallowed costs on sponsored projects, TUC returns the remaining IDC recovery funds to the university.

Fiscal Year 20/21 Projection

RSP projects FY 20/21 grants revenue of $29,559,000, which is $5,441,000 lower than budget. The COVID-19 pandemic has negatively impacted research and sponsored activities. Programs and activities have either moved to a virtual platform, put on hold, or cancelled. Per CDC guidelines, most research and operations can only be performed remotely, which limits the research work that can be done, and non-essential trips were halted until the end of fiscal year. This has had a significant impact on this year's expenditure totals in travel, payroll, and student/participant related activities.

The RSP Post-Award departmental operating expenses for FY 20/21 are projected at $739,000, which is $171,000 lower than budget. This savings is largely due to salary savings as a result of departmental downsizing. There is additional savings since non-essential travel is prohibited. Lastly, professional services expenditures are also lower this year compared to budget.

	20/21 Budget	**20/21 Projected**	***Variance***
Grants revenue	$35,000,000	$29,559,000	*($5,441,000)*
Operating expenses	$910,000	$739,000	*$171,000*

Fiscal Year 21/22 Budget

Though research activity may slightly pick up this summer, a slow recovery and return to previous operations is anticipated. For the first half of FY 21/22, summer programs will remain mostly virtual to ensure the health and safety of the students and participants, capacity of on-campus work and activities will be minimal to accommodate for social distancing and other safety precautions, and only essential travel will be approved. As more individuals are vaccinated and as the campus is able to approve more on and off campus research activities, it is expected that in the second half of FY 21/22, research and creative activities will increase to FY 19/20 expenditure level. As a result, FY 21/22 revenue is budgeted at $32,490,000, $2,931,000 higher than FY 20/21 projected revenue.

	20/21 Projected	**21/22 Budget**	***Variance***
Grants revenue	$29,559,000	$32,490,000	*$2,931,000*

RSP continues to focus on PRO-PI initiatives and systems improvements. In FY 20/21, the department has moved the central database from an Excel sheet to Smartsheet, a licensed software which allows staff to track efficiently, and automate workflow and reminders. As travel restrictions ease, RSP will continue to provide training opportunities for the staff to keep abreast with the changes in federal regulations and guidelines, as well as specific granting agency requirements.

In FY 21/22, insurance expense is higher due to overall increase in premium and modification in its allocation percentage among divisions within TUC.

In FY 20/21, the $25,000 expected payment for the campus Facilities & Administration (F&A) rate renegotiation project was included in the budget. The comprehensive study was completed and the F&A proposal was submitted to the US Department of Health and Human Services. This project will be expensed in FY 20/21.

	20/21 Budget	**21/22 Budget**	***Variance***
Payroll and fringe costs	$627,000	$643,000	*($16,000)*
Non-payroll costs	$112,000	$209,000	*($97,000)*
Total operating expenses	$739,000	$852,000	*($113,000)*

The University Corporation *4/21/21 9:01 PM*
FY 21/22 Budget Summary

SUMMARY OF RESEARCH & SPONSORED PROGRAMS

	Budget FY 20/21	Projection FY 20/21	BUDGET FY 21/22	Change fr 20/21 Projected	Actual FY 19/20
Net Sales	35,000,000	29,559,086	32,489,581	2,930,495	34,410,662
Cost of Goods Sold	-	-	-	-	-
Cost of goods sold %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Gross Margin	35,000,000	29,559,086	32,489,581	2,930,495	34,410,662
Operating Expenses					
Payroll Costs	503,527	477,724	492,780	(15,056)	495,313
Benefits	192,133	149,917	150,036	(119)	162,554
Total Payroll & Benefits	695,660	627,641	642,816	(15,175)	657,868
Total Payroll & Benefits %	*2.0%*	*2.1%*	*2.0%*	*-0.5%*	*1.9%*
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	29,787,234	25,256,994	27,774,666	(2,517,672)	28,719,390
Bank charges	-	-	-	-	-
Communications/Telephone	2,016	525	2,400	(1,875)	1,697
Depreciation & Amort	-	-	-	-	-
Dues & Subscriptions	100	600	600	-	205
Equipment/Equip Rental	4,000	5,500	7,000	(1,500)	436
Bldg/Sanitation/Custodial	-	-	-	-	-
Fees	-	-	-	-	-
Freight/Postage/Mail Serv	1,400	250	1,000	(750)	14
Insurance	35,136	33,621	94,332	(60,711)	30,103
Interest Expense	-	-	-	-	-
Taxes & Licenses	-	-	-	-	-
Legal & Audit Fees	30,636	27,396	29,964	(2,568)	25,644
Marketing/Advertising	-	-	-	-	-
Paper Goods	-	-	-	-	-
Paper Goods %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Parking & Security	-	-	-	-	-
Professional Services	103,631	43,371	49,824	(6,453)	99,673
Rent	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Supplies	6,000	400	9,300	(8,900)	(8,476)
Training/Conference Fees	-	-	-	-	1,890
Travel/Hospitality	31,750	150	15,300	(15,150)	20,905
Total Operating Expenses	30,697,563	25,996,448	28,627,202	(2,630,754)	29,549,348
Operating Surplus	4,302,437	3,562,638	3,862,379	299,742	4,861,314
Other Income	-	10	-	(10)	115
Surplus before Allocations	4,302,437	3,562,647	3,862,379	299,732	4,861,429

The University Corporation

Capital Budget

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 capital budget has been set at $250,000 for the last three fiscal years, however for fiscal year 21/22 the budget will be decreased to $180,000.

1.	*Orchard Conference Center:* Capital items which are outside of the project budget are necessary to support the overall improvement of the Campus Store Complex and the Orchard Conference Center. • *Storage Units - $20,000:* With the conference center's limited interior storage space, it's necessary to purchase exterior units to reside in close proximity in order to house catering equipment and furniture. • *Landscaping - $6,000*: Additional landscaping remains necessary. Existing bamboo roots will be removed and replanted at the southside of the Orchard building. • *Parking Lot F2 - $3,000:* The conference center will benefit from the usage of the nearby parking lot F2. Clear signage will be designed and fabricated to communicate to conference center patrons. • *Digital Interior Signage - $10,000*: Digital wayfinding and programmatic signage will be available for patrons to view upon entry to the conference center. • *Security Alarm - $5,000:* A security alarm system will be installed. Components will include sensors at all exterior doors as well as interior motion sensors. • *Cocktail Tables - $6,000:* Multi-use smaller cocktail tables can serve a variety of entertainment purposes both inside the conference center and for exterior overflow seating.	$50,000
2.	*Lighting Retrofit (Sierra Center & Arbor):* The lighting retrofit projects provide the opportunity to take advantage of rebates offered by the Department of Water and Power. After performing these upgrades, a 60-70% reduction in energy consumption will be realized. Return on investment is anticipated in less than five years, as this reduction translates to a $10,000 annual utility expense savings.	45,000
3.	*On Base Design & Development:* OnBase is a secure electronic platform used to manage documents and workflow that are accessible from a central location. To date, accounts payable, post award, agency funds, accounts receivable, check log files and accounts payable were migrated to OnBase. Check request enhancements and potentially payroll data files will be migrated to OnBase during FY 21/22.	25,000
4.	*Fire Alarm Panel Replacement (Johnson Controls):* The fire alarm panels at The Arbor Court have reach the end of their life cycle. The Campus Store Complex panel will be upgraded. Upgrading these panels will bring them up to the current technology, enabling them to be	20,000

connected to a secure campus network for the purpose of software upgrades and system diagnostics.

5. *Geronimo's:* To support meal plan participation it is necessary to replace some of the equipment to eliminate ongoing repairs expense and to provide greater efficiencies in service. 15,000

- *Cookline - $9,000:* Upgrade and replace griddle and two double basket deep fryers. The majority of the Geronimo's kitchen equipment is 30 years old. The ongoing repairs to the griddle are not sustainable and the purchase of the double basket fryers will provide the operation additional frying capacity to meet the demand.
- *Pizza Line - $6,000*: Replace counter and refrigeration. The existing pizza line is no longer functioning. This equipment is critical to continuing the service of the very popular pizza program.

6. *CSUN Web One Upgrade Project:* CSUN's existing Web One platform will be upgraded and enhanced. The platform will move to an updated version of Drupal. The upgrade will include a redesign and result in greater flexibility and ease of use. TUC's web pages will migrate as part of this project. 10,000

7. Unallocated $15,000

TOTAL $180,000