



## Memorandum

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

06/08/2023

From: Rick Evans

Date: June 7, 2023

Subject: **THE UNIVERSITY CORPORATION 2023/2024 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 2023/2024 fiscal year. These budgets were approved by The University Corporation Board of Directors on June 6, 2023.

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.

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I hereby approve The University Corporation's 2023/2024 operating and capital outlay budgets.

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Erika D. Beck, President  
California State University, Northridge

06/09/2023

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Date

/pam  
att:

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*Memorandum*

TO: The University Corporation Executive Committee  
FROM: Rick Evans, Executive Director  
DATE: May 2, 2023  
RE: **THE UNIVERSITY CORPORATION (TUC) FISCAL YEAR 2023/24  
BUDGET – EXECUTIVE SUMMARY**

During FY 22/23, the residual effects of the pandemic continued to impact TUC's operations; particularly in the Food Service division. FY 22/23 saw an over 30% decrease in cars in the campus parking structures, which correlates directly to the reduction in on campus foot traffic (customers). It is expected that, for the near and mid-term future, the Food Service division will not be as a significant revenue generator as prior years.

In addition to the significantly reduced customer base, Chartwells also faced many challenges with labor, supply chain shortages and higher wholesale costs, resulting in a much lower transaction count than budgeted. The catering operation struggled for similar reasons and therefore sales are also less than budget. TUC and Chartwells, however, will continue to focus on improving facilities, food services and menu offerings, as quality Matador Eats operation is a critical element of campus life and student success at CSUN.

Follett Higher Education continued to adjust to the ongoing changes in distributing learning materials during the pandemic. The MCDA (myCSUNDigitalAccess) program continued to grow and TUC began work to explore the feasibility of the Campus adopting a comprehensive Equitable Access Program for all undergraduates. This initiative titled, "CSUN Ready: Affordable Course Materials for Undergraduates" will be voluntary and intended to provide course materials for a student's entire class schedule at significantly reduced costs. The goal is to implement the program for Fall 2024 semester.

TUC will continue to provide 'Service Plus Solutions' in its operations. A primary goal for FY 23/24 is for TUC to be positioned as best as possible to meet the needs of continued growth in CSUN's sponsored research activity. TUC will have more staff in the coming year, and with an increased focus on supporting sponsored research activity in order to meet the continued growth in CSUN's sponsored research.

The North Campus Development Corporation (NCDC), in partnership with CSUN, will continue pursuing a faculty & staff housing project, titled Devonshire Downs, with the goal to develop 200 rental apartments. In light of the current economic conditions, a self-developed project is not currently financially viable. Currently, NCDC is exploring a public private partnership (P3) model for developing Devonshire Downs.

**Fiscal Year 22/23 Budget vs. 22/23 Projection**

The total Cash Generated from Operations (FY 22/23) is projected at \$3,125,000, which is \$243,000 below the FY 22/23 budget. The Net Cash Generated to replenish reserves is \$2,151,000; of which, \$138,000 will be added to the Reseda Reserve Annex Reserve, \$260,000 to the Support of University Special Projects Reserve and \$545,000 to the Faculty/Staff Housing Project Operational Reserve. The fiscal year-end results in a Net Cash Generated to Replenish Other TUC Reserves of \$1,208,000.

The following table summarizes TUC's budget conditions through FY 22/23.

Cash generated from operations (FY 22/23)	\$3,125,000
Less: Principal payments on debt service	(785,000)
Planned capital expenditures	(189,000)
<b>Net Cash Generated from Operations to replenish reserves</b>	<b>\$2,151,000</b>
Reseda Annex Reserve	(138,000)
<b>In Support of University Special Projects Reserve</b>	<b>(260,000)</b>
<b>Faculty/Staff Housing Project Operational Reserve</b>	<b>(545,000)</b>
<b>FY 22/23 Projected Net Cash Generated to Replenish Other TUC Reserves</b>	<b>\$1,208,000</b>

### Overview of Fiscal Year 23/24 Budget

The anticipated Net Cash Generated to Replenish Reserves is budgeted to be a surplus of \$1,705,000. The FY 23/24 budget assumes that on-campus campus foot traffic will remain similar to FY 22/23, however post-award activity will increase. Accordingly, \$100,000 will be added to the Reseda Annex Reserve, \$260,000 to the Support of University Special Projects Reserve and \$382,000 to the Faculty/Staff Housing Project Operational Reserve. The fiscal year-end results in Net Cash to Replenish Other TUC Reserves of \$963,000.

Cash generated from operations	\$2,770,000
Less: Principal payments on debt service	(865,000)
Planned capital expenditures	(200,000)
<b>Net Cash Generated from Operations to replenish reserves</b>	<b>\$1,705,000</b>
Reseda Annex Reserve	(100,000)
<b>In Support of University Special Project Reserve</b>	<b>(260,000)</b>
<b>Faculty/Staff Housing Project Operational Reserve</b>	<b>(382,000)</b>
<b>FY 23/24 Net Cash Generated to Replenish Other TUC Reserves</b>	<b>\$963,000</b>

### Major Assumptions for FY 23/24 Budget:

- 1) Foot traffic on campus is expected to remain the similar to FY 22/23 levels, which is about 30% lower than pre-pandemic foot traffic.
  - a. It is expected that the Food Service division will not be a significant revenue generator in the near and mid-term future; however, an increased focus on providing a quality food program will be a priority.
- 2) TUC's agreement with Follett was amended in February 2022, and now provides a more favorable commission structure for the digital materials for both Inclusive and Equitable Access programs. Still, commission from Follett is expected to reduce from \$850,000 prior year to \$768,000 in FY 23/24.
- 3) Pepsi's annual payment of \$218,000 will be received. The annual Athletic Scholarship of \$50,000 will continue.

- 4) General salary increase (GSI). A GSI of 5% is budgeted, resulting in an overall expense of \$100,000.
- 5) Added/eliminated positions. The budget includes adding one administrative position. TUC continues to have a net of two fewer full-time administrative positions than prior to the pandemic.
- 6) Licensing activities continue to return closer to pre-pandemic operations.
  - a. The 10-year strategic corporate sponsorship contract with Premier America Credit Union enters its second year.

### **Major Items for FY 23/24**

Food Services – The Food Services Division will continue to contract Chartwells Higher Education Group (CHE) to operate all campus food services for the fourth year. It is estimated that about 2,800 students (roughly 90% of a traditional year) will reside in Student Housing in the fall semester. At this occupancy level, TUC forecasts 1,400 meal plan participants. On the main campus, it's assumed that enrollment and foot traffic will be similar to FY 22/23; over 30% reduction in foot traffic on campus from the last steady-state year. The Marketplace will undergo a remodel in summer 2024. As a result, Chartwells' financial performance is significantly lower than they expected. It is anticipated that, for the near and mid-term future, the Food Service division will not be as a significant revenue generator as prior years. TUC and Chartwells, however, will continue to focus on improving facilities, food services and menu offerings, as quality Matador Eats operation is a critical element of campus life and student success at CSUN.

Food Services revenue for FY 23/24 is estimated at \$6.3 Million, with an operational deficit of (\$16,000) which is (\$38,000) worse than the FY 22/23 projection. After adding back the non-cash depreciation, the net surplus is \$1,167,000.

**CSUN Campus Store** – FY 22/23 commission for the CSUN Campus Store is \$850,000, reflecting the minimum annual commission guarantee as noted in the recent Follett contract amendment. FY 22/23 total revenue is projected at \$1,050,000, which includes the \$850,000 commission revenue plus the \$200,000 amortization payment. The overall operating expenses are projected to be above budget by approximately \$5,000 due to the additional consultant expenses.

Recently TUC formed an ad hoc exploratory committee, consisting of TUC's faculty and student Board members, where the committee explored the feasibility of CSUN adopting a comprehensive Access Program for all undergraduates; titled, "CSUN Ready: Affordable Course Materials for Undergraduates." The consensus from the committee was to hold a multitude of campus meetings to discuss the initiative, with the goal to implement the program in the Fall 2024 semester.

The FY 23/24 commission revenue is budgeted at \$768,000 which is \$82,000 lower than the guaranteed minimum from the prior year. The formula for the guaranteed minimum commission revenue from Follett for FY 23/24 is calculated based on 95% of the actual commissionable sales of prior year (FY 22/23). While that calculation results in \$730,000, the commission revenue budgeted is calculated to be slightly higher at \$768,000.

For FY 23/24, the focus on Access programs will continue, which includes growing the current MCDA program and continuing discussions to implement “CSUN Ready: Affordable Course Materials for Undergraduates” by Fall 2024. The ongoing pursuit of affordability, increased retention and positively impacting the equity gap are important pillars of these programs. In addition, by implementing CSUN Ready, the Campus’ contribution to the Governor’s compact on the commitment to reduce the cost of learning materials by 50% will be met.

**Research and Sponsored Programs (RSP)** – RSP projects FY 22/23 grants revenue of \$36,090,000, which is \$2,751,000 more than the original budget. Research and sponsored projects activities have returned, and now exceed, pre-pandemic levels with travel and in-person activities driving the increase in expenditures. The increase in the Federal negotiated indirect cost rate in November 2021 also positively impacts the growth of the recovered indirect cost total and is projected to be 21% of total direct costs for FY 22/23.

For FY 23/24, revenue is budgeted at \$37,100,000, a 2.8% increase compared to the FY 22/23 projection.

The projected IDC return to Academic Affairs for FY 22/23 is \$3,145,000 and for FY 23/24, the IDC return to Academic Affairs is anticipated to be \$3,344,000. Similarly, the IDC retained by TUC for FY 22/23 is \$3,145,000. This help to cover all operating expenditures related to post-award administration (RSP, Administration, Accounting, Human Resources, and Information Technology) and other overhead expenses such as debt service. For FY 23/24, the IDC return to TUC is anticipated to be \$3,344,000.

A primary goal for FY 23/24, is for the TUC to be positioned as best as possible to meet the needs of continued growth in CSUN's sponsored research activity. TUC is close to being fully staffed and will increase its focus on supporting sponsored research activity to meet the expected and continued growth in CSUN’s sponsored research.

**University Licensing** – The FY 22/23 licensing management fee budget of \$126,000 is projected to be achieved. Filming business has nearly reached pre-pandemic levels, and other off campus rentals continue to return to the same levels. Summer conference groups residing in Student Housing are expected to reach capacity which translates into additional campus facility rentals. This translates to \$950,000 total licensing revenue. As a result, the FY 23/24 management fee increases to \$140,000. The department will refill one position this year; the costs do not affect TUC’s general fund.

**Real Estate** – In FY 22/23, TUC purchased two additional single-family homes with the capital from the Real Estate Reserve Fund which increased the ownership of single-family homes to ten.

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 the existing tenants in FY 23/24 all TUC housing properties, a three and a half (3.5%) percent increase in rents is budgeted. This increase is necessary to accommodate the escalating operating costs to maintain these properties and continue to reduce the subsidized market gap. The target goal for this subsidy ranges from 8 to 12% below market annually.

**Faculty/Staff Housing Project:** The North Campus Development Corporation (NCDC), in partnership with CSUN, will continue pursuing a faculty & staff housing project, titled Devonshire Downs, with the goal to develop 200 rental apartments. In light of the current economic conditions, a self-developed project is not currently financially viable. Currently, NCDC is exploring a public private partnership model for developing Devonshire Downs.

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

In support of the University Special Projects. For FY 23/24, \$5,482,000 is the University Special Project reserve; to include a \$260,000 TUC contribution.

**Faculty & Staff Housing Operational Reserve.** This reserve was established to accumulate enough funds to mitigate any negative cash flow from the Devonshire Downs project, during construction and the stabilization phases. **The North Campus Development Corporation has also created a companion reserve. Combined, these two reserves** are funded by two sources: the balance of the 40% of TUC's net cash generated, after putting \$260,000 into the University Special Project reserve; and the \$500,000 yearly contribution from the North Campus Development Corporation. **Combined, both reserves total \$3,363,000 by FY 23/24 year-end.**

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# OPERATING BUDGET

Fiscal Year 23/24



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

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**The University Corporation**  
**FY23/24 Budgeted Net Cash Generated**

	FY 21/22	FY 22/23		FY 23/24	
	Actual FY 21/22	Budget FY 22/23	Projected FY 22/23	Budget FY 23/24	23/24 Budget vs. 22/23 Projection
<b>Surplus/(deficit) by operating unit:</b>					
CSUN Campus Store	913,821	965,600	\$ 960,777	\$ 852,509	(108,268)
Food Services	(26,697)	968,040	21,239	(15,525)	(36,763)
Real Estate	366,634	340,139	357,862	409,307	51,445
General & Administrative (operational exp)	(1,990,962)	(2,373,250)	(2,361,687)	(2,572,372)	(210,685)
Post-Retirement accrual exp	397,232	(100,000)	(100,000)	(100,000)	-
Sponsored Programs - 50% IDC	2,400,852	2,538,758	3,144,882	3,344,165	199,284
- RSP department expenses	(735,051)	(924,818)	(811,322)	(1,042,678)	(231,356)
RSP-IDC ( Net)	1,665,801	1,613,940	2,333,560	2,301,487	(32,072)
					-
<b>Total surplus from operations</b>	<b>1,325,829</b>	<b>1,414,468</b>	<b>1,211,750</b>	<b>875,407</b>	<b>(336,343)</b>
<b>Plus: Non-Cash Depreciation/Amortization</b>					
Depreciation expense	2,081,538	1,949,009	1,909,432	1,889,994	(19,438)
Bonds/Capital Leases Premium Amortization	(101,122)	(95,867)	(95,867)	(95,867)	(0)
Post-Retirement	(397,232)	100,000	100,000	100,000	-
<b>Cash generated from operations</b>	<b>2,909,013</b>	<b>3,367,611</b>	<b>3,125,316</b>	<b>2,769,534</b>	<b>(355,781)</b>
<b>Less: Cash Reductions/ Encumbrance:</b>					
Debt Principal Repayment	(695,000)	(785,000)	(785,000)	(865,000)	(80,000)
Capital outlay (Non reserve related)	(104,953)	(215,000)	(188,800)	(200,000)	(11,200)
<b>Total Cash Reductions</b>	<b>(799,953)</b>	<b>(1,000,000)</b>	<b>(973,800)</b>	<b>(1,065,000)</b>	<b>(91,200)</b>
					0
University Reimbursement - Fall 2021 Semester	1,000,000	-	-	-	-
<b>Net Cash Generated to Replenish Reserves</b>	<b>3,109,060</b>	<b>2,367,611</b>	<b>2,151,516</b>	<b>1,704,534</b>	<b>(446,981)</b>
<b>Less: Reseda Annex Replacement Reserve</b>	<b>(120,521)</b>	<b>(134,003)</b>	<b>(138,001)</b>	<b>(99,796)</b>	<b>38,205</b>
<b>Net Cash Generated (After Reseda Annex reserve)</b>	<b>2,988,539</b>	<b>2,233,607</b>	<b>2,013,515</b>	<b>1,604,738</b>	<b>(408,777)</b>
<b>Reserve for University Support (40% of Net cash Surplus)*</b>	<b>(1,195,416)</b>	<b>(893,443)</b>	<b>(805,406)</b>	<b>(641,895)</b>	<b>(163,511)</b>
- In Support of University Special Project Reserve	(260,000)	(260,000)	(260,000)	(260,000)	-
- Faculty Staff Housing Operational Project Reserve	(935,416)	(633,443)	(545,406)	(381,895)	(163,511)
<b>Net Cash Generated to replenish other TUC reserves</b>	<b>1,793,124</b>	<b>\$ 1,340,164</b>	<b>\$ 1,208,109</b>	<b>\$ 962,843</b>	<b>(245,266)</b>

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# The University Corporation

Balance Sheet  
Estimated as of June 30, 2023

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## BALANCE SHEET

*Estimated for June 30, 2023 & June 30, 2024*

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, 6/30/22, 6/30/23, and 6/30/24, provide a snapshot of the financial position 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 on 6/30/23 reflects the impact of FY 22/23 operations and is compared to the 6/30/22 balance sheet. The balance sheet for 6/30/24 estimates the impact of the proposed FY 23/24 budget and is compared to the 6/30/23 balance sheet. Below are some of the highlights of the significant changes.

### ***Significant Changes for Estimated Year Ending 6/30/23***

FY 22/23 operations will result in an increase of \$4,373,000 in total assets from 6/30/22. Although the stock market was turbulent in calendar year 2022, last quarter of 2022, the S&P500 was up 6.5% and another 5.4% in first quarter of 2023 which have greatly improved the performance of TUC's investment portfolios. As of March 31, 2023, TUC's investment has increased significantly with the dividends, interest and realized gains received, and the unrealized market gains.

### **Footnotes for Significant Changes, compared to the end of FY 21/22**

#### Assets:

1. When combining cash and cash equivalents, short-term investments, and long-term investments, the total for FY 22/23 is higher than the prior year by \$2,664,000. In addition to the investment gains, higher revenues from research and sponsored programs have contributed to these increases.

	6/30/2022	6/30/2023	Inc/(Dec)
Cash and Cash Equivalents	\$ 7,491,000	\$ 8,253,000	\$ 762,000
Short-Term Investments	8,679,000	8,928,000	249,000
Long-Term Investments	27,120,000	28,774,000	1,654,000
Cash & Investments	\$ 43,290,000	\$ 45,955,000	\$ 2,664,000

2. Accounts Receivable & Accounts Receivable for Grants and Contracts are projected to be higher than the prior year by \$960,000; \$233,000 in AR and \$727,000 in AR-G&C respectively. These increases are due to higher revenue for the year as compared to prior year.
3. Net Fixed Assets increase by \$758,000; two real estate properties acquired and the additional capital for the Orchard Conference Center added to the increase in gross fixed assets of \$2,667,000, offset by the yearly depreciation expense of \$1,909,000.

#### Liabilities:

4. Accounts Payable is higher by \$906,000, due to higher revenue for the year as compared to prior year.
5. Deposit Held in Custody is higher by \$839,000. The yearly Medtronic faculty grants of \$292,000 were added during the year. Agency funds activities have picked up, approximately \$500,000 were added, reflecting an overall campus activities' return to a closer to the pre-pandemic steady-state.

6. Long Term Debt is lower by \$1,496,000 resulting from the yearly debt service payments on the System-Wide Revenue Bonds (SRB) and Capital Lease Obligations.

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***Footnotes for Significant Changes from 6/30/23 to 6/30/24***

The balance sheet for 6/30/24 reflects the results of the FY 23/24 budget on TUC's 6/30/24 financial position. FY 23/24 budget assumes increased grants and contracts revenues for the year. FY 23/24 operations result in an increase of \$1,183,000 in total assets from 6/30/23.

Categories with significant changes are summarized below.

**Assets:**

7. When combining cash and cash equivalents, short-term investments, and long-term investments, the total for FY 23/24 is higher than the prior year by \$1,873,000 comprised largely from the investment income, the repayment on the public safety building, along with the operational surplus from the prior year. With the uncertainty surrounding the stock market there is no investment gains/losses from the market reflected in long-term investments. The \$1,062,000 in long-term investments reflects income from dividends and interest and investment of the repayments on the public safety building.

	6/30/2023	6/30/2024	Inc/(Dec)
Cash and Cash Equivalents	\$ 8,253,000	\$ 8,664,000	\$ 411,000
Short-Term Investments	8,928,000	9,328,000	400,000
Long-Term Investments	28,774,000	29,836,000	1,062,000
Cash & Investments	\$ 45,955,000	\$ 47,828,000	\$ 1,873,000

8. Accounts Receivable for Grants and Contracts (G&C) and Accounts Receivable will be higher by \$800,000 and \$200,000 respectively. These increases are pertaining to the higher research and sponsored programs activities for FY 23/24.
9. Net Fixed Assets will be lower by \$1,690,000 from prior year due to:
- a. Capital project addition of \$200,000 offset by
  - b. The yearly depreciation expense of \$1,890,000

**Liabilities:**

10. Deferred Revenue is lower compared to the prior year by \$350,000, from the amortization of Follett's one-time payment (\$200,000/year), the Chartwells' sign-on bonus (\$77,000/year), and the deferred rent revenue associated with Extended Learning College (\$74,000/year).
11. Long Term Debt is lower by \$981,000 due to debt service payments on System-Wide Revenue Bonds and Capital Lease.

**The University Corporation**  
**Balance Sheet**  
**Periods ending June 30, 2022, 2023 & 2024**

	Actual Balance @ 6/30/2022	Projected Balance @ 6/30/2023	FY 22/23 v.s. prior yr Inc ( Dec)	Notes for comments	Budgeted Balance @ 6/30/2024	FY 23/24 v.s. prior yr Inc ( Dec)	Notes for comments
<b>Assets</b>							
Cash and Cash Equivalents	\$ 7,491,476	\$ 8,253,344	\$ 761,868	(1)	\$ 8,664,348	\$ 411,004	(7)
Short-Term Investments	8,679,312	8,927,706	248,394	(1)	9,327,706	400,000	(7)
Accounts Receivable	771,239	1,004,360	233,121	(2)	1,204,360	200,000	(8)
A/R Grants & Contracts	8,079,398	8,806,699	727,301	(2)	9,606,699	800,000	(8)
Prepaid Expenses	11,582	2,608	(8,974)		2,608	0	
Inventories	0	0	0		0	0	
Long-Term Investments	27,119,584	28,773,707	1,654,123	(1)	29,835,680	1,061,973	(7)
Fixed Assets:							
Gross Fixed Assets	53,632,463	56,299,430	2,666,967		56,499,430	200,000	
Accumulated Depreciation	(33,385,779)	(35,295,211)	(1,909,432)		(37,185,206)	(1,889,994)	
Net Fixed Assets	20,246,684	21,004,219	757,535	(3)	19,314,224	(1,689,994)	(9)
<b>Total Assets</b>	<b>72,399,275</b>	<b>76,772,643</b>	<b>4,373,368</b>		<b>77,955,626</b>	<b>1,182,983</b>	
<b>Liabilities</b>							
Accounts Payable	2,397,990	3,303,873	905,883	(4)	3,373,873	70,000	
Accrued Liabilities	4,316,413	4,638,371	321,958		4,898,371	260,000	
Deposits Held in Custody for Others	4,423,786	5,263,085	839,299	(5)	4,563,085	(700,000)	
Deferred Revenue	3,714,458	3,404,783	(309,675)		3,054,336	(350,447)	(10)
Long Term Debts	8,988,860	7,492,993	(1,495,867)	(6)	6,512,126	(980,867)	(11)
<b>Total Liabilities</b>	<b>23,841,507</b>	<b>24,103,104</b>	<b>261,597</b>		<b>22,401,790</b>	<b>(1,701,314)</b>	
<b>Net Assets</b>							
Unrestricted	46,486,619	44,692,609	(1,794,010)		48,808,745	4,116,136	
Permanently restricted	3,860,793	3,860,793	0		3,860,793	0	
Current year surplus/(loss)	(1,789,644)	4,116,136	5,905,780		2,884,297	(1,231,839)	
<b>Total Net Assets</b>	<b>48,557,768</b>	<b>52,669,538</b>	<b>4,111,770</b>		<b>55,553,835</b>	<b>2,884,297</b>	
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 72,399,275</b>	<b>\$ 76,772,643</b>	<b>\$ 4,373,368</b>		<b>\$ 77,955,626</b>	<b>\$ 1,182,983</b>	
<b>*Note 1 &amp; 7</b>	<b>6/30/2022</b>	<b>6/30/2023</b>	<b>Inc/(Dec)</b>		<b>6/30/2024</b>	<b>Inc/(Dec)</b>	
Cash and Cash Equivalents	\$ 7,491,476	\$ 8,253,344	\$ 761,868		\$ 8,664,348	\$ 411,004	
Short-Term Investments	8,679,312	8,927,706	248,394		9,327,706	400,000	
Long-Term Investments	27,119,584	28,773,707	1,654,123		29,835,680	1,061,973	
Cash & Investments	\$ 43,290,372	\$ 45,954,757	\$ 2,664,385		47,827,734	1,872,977	

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# The University Corporation

## Statement of Reserves Estimated as of June 30, 2023

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## STATEMENT OF RESERVES

*Estimated for June 30, 2023, and July 1, 2024*

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 purchasing real estate property, setting aside 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 preserve the investment gain and the 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 22/23 Projection**

Total reserve balance at the beginning of FY 22/23 totaled \$22,934,000 and is projected to end the year at \$26,092,000;

- I. \$6,358,000 end of fiscal year operational reserves include:
  - 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. \$1,372,000 real estate reserves for strategic purchases of real estate in the future and major repairs of existing property.
  - C. \$1,200,000 facilities-related reserve; for major upkeep and improvement of facilities.
  - D. \$53,000 Orchard Conference Center reserve;
  - E. \$732,000 repair and replacement reserve for the Reseda Annex Building.
- II. \$6,923,000 is the undesignated General Reserve, which largely pertains to the realized and unrealized gain/(loss), from TUC's investment portfolios, both long-term and short-term.
- III. \$5,908,000 is the Research and Sponsored Programs (RSP) reserves funded by RSP's Indirect Cost Recovery Fund.
- IV. \$6,902,000 is for Special Reserves, funded in part by TUC contributing 40% of the net cash generated.
  - a. \$5,421,000 is the University Special Project reserve which includes \$260,000 per year of TUC contribution.
  - b. \$1,481,000 is the Faculty & Staff Housing Operational reserve. This reserve was established to accumulate enough funds to mitigate any negative cash flow from the Devonshire Downs project, during construction and the stabilization phases. The North Campus Development Corporation has also created a companion reserve. Combined, these two reserves are funded by two sources: the balance of the 40% of TUC's net cash generated, after putting \$260,000 into the University Special Project reserve; and the \$500,000 yearly contribution from the North Campus Development Corporation, in

support of the Devonshire Downs. The combined total is projected at \$2,481,000 at 6/30/2023.

If the project does not come to fruition, this reserve may be reassigned back to the University Special Project reserve and returned to North Campus Development Corporation.

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 23/24 Budget**

At the beginning of FY 23/24, the reserve balance will be \$26,092,000, an increase of \$1,208,000 funded by the net cash generated in FY 22/23. Among these increases, \$708,000 is added to the Real Estate reserve, \$200,000 to the repairs and maintenance reserve and \$300,000 to the Campus Store Complex roof reserve.

The total reserve balance at the end of FY 23/24 is projected to be \$28,372,000 with the allocation of \$963,000 net cash generated in FY 23/24.

### ***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.
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. In preparation of future strategic purchases, and with anticipated additional funding of \$563,000 from FY23/24, this reserve will be close to fully funded at \$1,435,000. Typically, this reserve has a target balance of \$1,500,000.
2. *Real Estate Repairs & Maintenance Reserve.* Established for unforeseen major repairs and maintenance related to TUC's housing program. With the additional funding of \$60,000 from FY 23/24, this reserve is fully funded at \$500,000.



**C) Facilities Reserves**

1. Sierra Center Building Reserve. Established for major repairs and renovations to the Sierra Center building, this reserve is fully funded to \$500,000.
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. At the end of FY 22/23, the Roof Replacement Reserve balance was \$500,000 and the Building Reserve is fully funded at \$100,000. Of the net cash generated in FY 23/24, \$300,000 will be allocated to fund the CSC Roof Replacement Reserve. With this addition, the CSC Roof Reserve will be at \$800,000, with a fully funded target of \$2,000,000.

**D) Food Services Reserve**

1. Orchard Conference Center (OCC). The reserve balance at the beginning of FY 22/23 was \$53,000, this project will be completed before the end of the fiscal year with a remaining \$41,000 in the reserve. Additional \$10,000 of FY 23/24 net cash generated will be allocated to this reserve which bring the reserve balance to \$51,000 with the fully funded target of \$100,000.

**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 was established. Funding of this reserve comes from the net cash generated from the building. This reserve will be \$732,000 by the end of FY 22/23 and \$822,000 by the end of FY 23/24. The target amount for this reserve is \$1,000,000.

**Reserves Funded by Indirect Cost Recovery Fund:**

- A) 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.
- B) RSP Reserve for Disallowances.** This reserve covers disallowed costs, as well as extraordinary, irregular, or unbudgeted sponsored programs administration costs. The recommended reserve balance is 2.5% of the proceeding three-year revenue average. Accordingly, the reserve is fully funded at \$806,000.

**Special Reserve:**

- A) In Support of University Special Projects.** At the end of FY 23/24, the University Special Project reserve will be \$5,482,000; to include \$260,000 TUC contribution.
- B) Faculty & Staff Housing Operational Reserve.** At the end of FY 23/24, the Faculty & Staff Housing Operational reserve will be \$1,863,000. This reserve was established to accumulate enough funds to mitigate any negative cash flow from the Devonshire Downs project, during construction and the stabilization phases. The North Campus Development Corporation has also created a companion reserve. Combined, these two reserves are funded by two sources: the balance of the 40% of TUC's net cash generated, after putting \$260,000 into the University Special Project reserve; and the \$500,000

yearly contribution from the North Campus Development Corporation, in support of the Devonshire Downs.

If the project does not come to fruition, this reserve may be reassigned back to the University Special Project reserve and returned to North Campus Development Corporation.

**Note: Devonshire Downs (DD) Faculty & Staff Housing Operational Reserves:** Two reserves were established to accumulate enough funds to mitigate any negative cash flow from the Devonshire Downs project. In addition to TUC's reserve, the North Campus Development Corporation also created a companion reserve. At the end of FY 23/24, these two reserves combined will total \$3,363,000.

**The University Corporation**  
**Schedule of Reserves**  
**FY 22/23 Projection & FY 23/24 Budget**

Description	FY 22/23 Actual/Projection				FY 23/24 Budget		
	Actual Balance @ 7/1/2022	FY 22/23 full year activities	Allocation of FY22/23 net cash generated	Projected Balance @ 6/30/2023	FY 23/24 full year activities	Allocation of FY23/24 net cash generated	Projected Balance @ 6/30/2024
<b>I) Funded by TUC's Net Cash Generated</b>							
<i>A) Reserves Required by Education Code:</i>							
Operations reserve (Board established level)	600,000	0		600,000			600,000
Working Capital reserve(Board established level)	2,000,000	0		2,000,000			2,000,000
Unplanned Capital Replacement reserve (Board established level )	400,000	0		400,000			400,000
Total EO/BOD designated Reserves	\$ 3,000,000			\$ 3,000,000			\$ 3,000,000
<i>B) Real Estates Reserve</i>							
Real Estate Investment Fund Reserve	1,313,839	(1,149,511)	708,109	872,437		562,843	1,435,279
Major Repairs & Maintenance Reserve	500,000	(200,000)	200,000	500,000	(60,000)	60,000	500,000
Total Real Estates Reserve	\$ 1,813,839	(1,349,511)	908,109	\$ 1,372,437	(60,000)	622,843	\$ 1,935,279
<i>C) Facilities Reserve</i>							
Reserve for Sierra Center Building	500,000	0	0	500,000	(10,000)	10,000	500,000
Reserve for Arbor Court Building	100,000	0		100,000	(10,000)	10,000	100,000
Reserve for Campus Store Complex	100,000	0	0	100,000	(10,000)	10,000	100,000
Reserve for Campus Store Complex - Roof	200,000	0	300,000	500,000		300,000	800,000
Total Facilities Related Reserve	\$ 900,000	0	300,000	\$ 1,200,000		330,000	\$ 1,500,000
<i>D) Food Services Reserve</i>							
Orchard Conference Center (OCC)	100,000	(46,805)		53,195	(12,000)	10,000	51,195
Total Food Services Reserve	\$ 100,000	(46,805)	0	\$ 53,195	(12,000)	10,000	\$ 51,195
<b>Net cash generated from Operation to replenish reserves :</b>							
From ( 22/23 projection) operation -Net Cash generated		1,208,109					
From (23/24 budget) operation -Net Cash Generated			(1,208,109)		\$ 962,843	(962,843)	
Net cash allocated to replenish reserves	\$ -						
<i>E) Replacement Reserve for the Reseda Annex Building</i>							
	\$ 606,980	125,501		\$ 732,481	89,796		\$ 822,278
<b>Total TUC Operational Reserves ( w/o special reserves)</b>	<b>\$ 6,420,819</b>	<b>\$ (1,270,815)</b>	<b>\$ -</b>	<b>\$ 6,358,113</b>	<b>\$ 17,796</b>	<b>\$ -</b>	<b>\$ 7,308,752</b>
<b>II) Undesignated General Reserve</b>							
- Accumulated from Long term Investment earnings	4,858,799	1,433,121		6,291,920	250,000		6,541,920
- Accumulated from Short Term Investment earnings	216,614	414,600		631,215	50,000		681,215
Total Undesignated General Reserves from Investment gain (loss)	\$ 5,075,413	1,847,722		\$ 6,923,135	300,000		\$ 7,223,135
<b>III) Reserves funded by RSP programs:</b>							
RSP Reserve for IDC net available	4,604,470	500,337	(2,274)	5,102,533	592,141	(70,689)	5,623,985
RSP Reserve for Disallowances	805,830	(2,164)	2,274	805,940	(5,000)	70,689	871,629
Total Sponsored Program Reserves	\$ 5,410,300	498,173	0	\$ 5,908,473	587,141	0	\$ 6,495,614
<b>IV) Special Reserves:</b>							
In Support of University Special Projects	5,092,192	328,933		5,421,125	60,653		5,481,778
DD Faculty & Staff Housing Operational Reserve TUC	935,416	545,406		1,480,822	381,895		1,862,717
Total In- Support of University Projects	\$ 6,027,608	\$ 874,339	0	6,901,947	442,548	0	\$ 7,344,495
<b>GRAND TOTAL</b>	<b>\$ 22,934,140</b>	<b>1,949,419</b>	<b>0</b>	<b>\$ 26,091,668</b>	<b>1,347,486</b>	<b>0</b>	<b>\$ 28,371,997</b>
			Increase from 7/1/22	\$ 3,157,527		Increase from 6/30/23	\$ 2,280,329
<b>DD Faculty &amp; Staff Housing Operational Reserves:</b>							
DD Faculty & Staff Housing Operational Reserve TUC	\$ 935,416	\$ 545,406		\$ 1,480,822	\$ 381,895		\$ 1,862,717
DD Faculty & Staff Housing Operational Reserve NCDC	500,000	500,000		1,000,000	500,000		1,500,000
Combined Total	<b>\$ 1,435,416</b>	<b>\$ 1,045,406</b>		<b>\$ 2,480,822</b>	<b>\$ 881,895</b>		<b>\$ 3,362,717</b>

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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

GENERAL & ADMINISTRATIVE				CSUN CAMPUS STORE			FOOD SERVICES			REAL ESTATE			SPONSORED PROGRAMS			OPERATIONAL SUMMARY		
Budget	Projected	Proposed Budget		Budget	Projected	Proposed Budget		Budget	Projected	Proposed Budget		Budget	Projected	Proposed Budget		Budget	Projected	Proposed Budget
2022-2023	2022-2023	2023-2024		2022-2023	2022-2023	2023-2024		2022-2023	2022-2023	2023-2024		2022-2023	2022-2023	2023-2024		2022-2023	2022-2023	2023-2024
Revenue:																		
Bookstore Commissions	0	0	0	1,050,000	1,050,000	968,049		0	0	0		0	0	0		1,050,000	1,050,000	968,049
Food Service Sales	0	0	0	0	0	0		6,800,706	6,268,481	6,332,027		0	0	0		6,800,706	6,268,481	6,332,027
Food Service Commissions/Other Income	0	0	0	0	0	0		471,491	503,187	516,975		0	0	0		471,491	503,187	516,975
Real Estate Rentals	0	0	0	0	0	0		0	0	0		1,630,875	1,687,514	1,824,571		1,630,875	1,687,514	1,824,571
Grants & Contracts	0	0	0	0	0	0		0	0	0		0	0	0		28,261,528	29,800,722	30,411,669
Indirect Cost Recovery	0	0	0	0	0	0		0	0	0		0	0	0		5,077,515	6,289,763	6,688,331
Licensing	\$ 120,000	\$ 120,000	\$ 140,000	0	0	0		0	0	0		0	0	0		120,000	120,000	140,000
Rental Income	483,737	484,317	531,732	0	0	0		0	0	0		0	0	0		483,737	484,317	531,732
Endowment Admin. Fee	144,996	161,352	141,000	0	0	0		0	0	0		0	0	0		144,996	161,352	141,000
Other Income	127,812	125,459	143,373	0	0	0		0	0	0		0	0	0		127,812	125,459	143,373
Total Revenue	876,545	891,129	956,105	1,050,000	1,050,000	968,049		7,272,197	6,771,668	6,849,002		1,630,875	1,687,514	1,824,571		33,339,043	36,090,485	37,100,000
Operating Expenses:																		
Grants & Contracts Direct Expenditures	0	0	0	0	0	0		0	0	0		0	0	0		28,261,528	29,800,722	30,411,669
Cost of Goods Sold	0	0	0	0	0	0		4,486,640	4,995,840	5,135,020		0	0	0		4,486,640	4,995,840	5,135,020
Salaries & Wages	1,361,287	1,356,023	1,591,876	39,144	39,481	49,704		219,344	198,722	214,776		79,200	89,771	99,648		542,739	496,355	603,645
Benefits	388,347	374,646	418,500	17,400	15,605	19,596		71,244	64,553	53,616		14,868	15,041	16,666		141,864	88,283	151,314
Temporary Help	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
Bad Debts	0	0	0	0	0	0		0	0	0		0	0	0		0	0	0
Bank Charges	6,000	3,990	3,000	0	0	0		2,736	4,759	4,764		0	0	0		0	0	0
Bldg/Operating/Health Reserves	0	0	0	0	0	0		0	0	0		0	0	0		0	0	0
Building/Sanitation/Custodial	171,348	140,501	166,728	0	0	0		95,734	45,992	84,230		24,996	24,608	25,620		0	0	0
Communications/Telephone/Pagers	31,479	30,932	32,916	0	0	0		4,596	4,844	5,868		1,380	2,363	3,435		6,720	4,654	5,856
Depreciation & Amortization	315,921	316,043	322,355	0	(179)	0		1,287,705	1,243,978	1,183,493		345,383	349,591	384,146		0	0	0
Dues & Subscriptions	13,858	8,082	11,778	0	0	0		4,836	5,217	4,452		9,555	9,558	9,555		600	400	600
Equipment/Equipment Rental	9,000	14,508	14,010	0	0	0		2,000	1,030	2,500		5,076	5,076	3,600		3,600	6,636	2,000
Fees	200	1,175	0	0	0	0		348	482	400		192,060	192,060	192,060		0	0	0
Royalties	0	0	0	0	0	0		0	0	0		0	0	0		0	0	0
Freight/Postage/Mail Service	11,096	15,646	12,704	0	0	0		0	0	0		240	327	240		500	131	0
Insurance	86,064	99,219	136,080	5,532	7,162	8,928		60,348	75,575	93,012		41,244	48,087	59,456		131,028	130,305	144,156
Interest Expense	12,996	14,601	(12)	0	0	0		37,812	37,813	36,888		123,540	123,539	110,919		0	0	0
Taxes & Licenses	22,845	23,308	9,795	1,520	1,738	1,520		21,227	17,633	17,693		143,640	149,943	176,184		0	0	0
Legal & Audit Fees	66,136	68,607	65,293	0	0	0		2,100	75	0		8,520	8,526	7,680		29,620	27,720	31,773
Marketing/Advertising	5,000	5,000	5,000	800	200	800		3,600	0	0		1,800	1,050	1,800		0	0	0
Paper Goods	0	0	0	0	0	0		0	0	0		0	0	0		0	0	0
Parking & Security	3,333	9,115	8,918	0	0	0		1,248	4,897	4,920		0	0	0		0	0	0
Professional Services	387,876	394,545	376,829	20,004	25,163	34,992		10,085	50,724	3,204		24,300	19,472	23,220		46,647	45,668	84,004
Rent/Lease Expense	0	0	0	0	0	0		0	0	0		0	0	0		0	0	0
Utilities	237,330	237,203	224,709	0	0	0		48,794	14,009	67,739		8,340	6,141	11,580		0	0	0
Repairs & Maintenance	74,876	76,502	70,895	0	53	0		(62,440)	(28,930)	(59,348)		260,100	276,474	283,344		0	0	0
Supplies	18,453	35,672	30,298	0	0	0		600	3,456	2,100		1,702	3,232	1,210		6,500	4,255	5,230
Training/Conference Fees	5,650	4,297	4,500	0	0	0		1,200	0	0		0	0	0		0	0	0
Travel/Hospitality	20,700	23,204	22,305	0	0	0		4,400	9,760	9,200		4,792	4,794	4,900		15,000	6,916	14,100
Total Operating Expenditures	3,249,795	3,252,816	3,528,477	84,400	89,223	115,540		6,304,157	6,750,430	6,864,527		1,290,736	1,329,651	1,415,264		29,186,346	30,612,044	31,454,347
Net Surplus (Deficit) Before G&A	(2,373,250)	(2,361,687)	(2,572,372)	965,600	960,777	852,509		968,040	21,239	(15,525)		340,139	357,862	409,307		4,152,697	5,478,441	5,645,653
G&A Related Overhead																		
Allocation of General & Administrative	(2,373,250)	(2,361,687)	(2,572,372)	311,317	391,205	461,444		334,097	419,829	495,208		113,897	143,124	168,821		1,613,940	1,407,529	1,446,900
Spons Proj/Lic Surplus - Avail to Campus																		
Net Cash (Deficit) From Operations	0	0	0	654,283	569,572	391,065		633,944	(398,591)	(510,732)		226,242	214,739	240,487		2,538,758	4,070,912	4,198,753
									</									

## GENERAL AND ADMINISTRATIVE (G&A)

There are six departments in the G&A Division: Executive, Accounting, 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, Premier America Credit Union Retail Branch, and common area maintenance reimbursement from Panda Express and El Pollo Loco. The other revenue sources for this division are the licensing management fees, as well as endowment and agency administration fees.

### Fiscal Year 22/23 Projection:

	22/23 Budget	22/23 Projected	Variance
Operating expense: (w/o post-retirement medical)	\$3,250,000	\$3,253,000	(\$3,000)
Revenue:	877,000	891,000	14,000
Net G&A surplus:	(2,373,000)	(2,362,000)	11,000

For FY 22/23 the G&A net surplus reflects an improvement of \$11,000 from budget as a result of expense category savings and slight revenue increases.

The savings in payroll and benefits, predominantly due to vacant positions plus increased other income, are the major factors contributing to the G&A surplus. While some expense categories are higher than budget, these are offset by the savings, both of which are summarized below.

- \$31,000 Savings in building & custodial costs, partially offset by charges to professional services.
- \$20,000 Savings in payroll & benefits.
- \$14,000 Increased other income due to increased licensing & agency fund activities.
- (\$17,000) Increased supplies costs due in Accounting and the Campus Store Building.
- (\$6,700) Increased professional services.

### Fiscal Year 23/24 Budget:

A primary goal for FY 23/24, is for G&A to be positioned as best as possible to meet the needs of continued growth in CSUN's sponsored research activity. With that, the division will be more fully staffed than it was during the pandemic. The resulting net G&A cost of \$2,572,000, more closely approaches pre-pandemic operations, but is still less than the \$2,951,000 of FY 18/19; the last steady state year prior to COVID.

	22/23 Projected	23/24 Budget	Variance
Operating expense: (w/o post-retirement medical)	\$3,252,000	\$3,528,000	(276,000)
Income:	891,000	956,000	65,000
Net G&A surplus/(deficit):	(2,362,000)	(2,572,000)	(211,000)

The increase in G&A net expenses of \$276,000, reflects a combination of increased expense categories; however, rebuilding the G&A team to support a primary function of Research and Sponsored programs for TUC is the main variable in this increase. Expenses are partially offset by savings in interest expense, taxes, utilities, and an increase in other income. The highlights are detailed below.

- (\$280,000) Includes a 5% general salary increase (GSI) of about \$100,000. Increased payroll & benefits due re-filling positions that were eliminated or vacant due to significant turnover experienced during the pandemic. The G&A division is still one FTE less than pre-pandemic.
- (\$37,000) Increased insurance expense.
- (\$26,000) Building & custodial costs, partially offset by \$18,000 reclassification from professional services.
- \$65,000 Increased licensing activities, agency fund activity increases, and higher rental income from Extended Learning.
- \$29,000 Interest expense savings from Campus Store Capital Lease and taxes & licenses savings due to decrease in the Environmental Fee Return Rate.
- \$12,000 Utilities savings due to reclassification to foodservices

The G&A cost of \$2,572,000 more closely approaches pre-pandemic operations, but is still less than the \$2,951,000 of FY 18/19; the last steady state year prior to COVID.



**The University Corporation**  
**FY 23/24 Budget Summary**

**Dept Name =**

**Dept Number =** SUMMARY OF ALL ADMIN DEPARTMENTS

	Budget FY 22/23	Projection FY 22/23	BUDGET FY 23/24	Change fr 22/23 Projected	Actual FY 21/22
Net Sales	-	-	-	-	0
<b>Cost of Goods Sold</b>	-	-	-	-	-
<i>Cost of goods sold %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	1,361,287	1,356,023	1,591,876	(235,853)	1,155,380
Benefits	388,347	374,646	418,500	(43,854)	7,740
Total Payroll & Benefits	1,749,634	1,730,668	2,010,376	(279,708)	1,163,120
<i>Total Payroll &amp; Benefits %</i>	0	0.0%	0.0%	0.0%	0.0%
Temporary Help	-	-	-	-	-
<b>Grants &amp; Contracts Exp</b>	-	-	-	-	-
Bad Debts	-	-	-	-	-
Bank charges	6,000	3,990	3,000	990	3,094
Communications/Telephone	31,479	30,932	32,916	(1,984)	-
Depreciation & Amort	315,921	316,043	322,355	(6,312)	412,102
Dues & Subscriptions	13,858	8,082	11,778	(3,696)	8,216
Equipment/Equip Rental	9,000	14,508	14,010	498	15,341
Bldg/Sanitation/Custodial	171,348	140,501	166,728	(26,227)	88,836
Fees	200	1,175	-	1,175	52
Freight/Postage/Mail Serv	11,096	15,646	12,704	2,942	4,297
Insurance	86,064	99,219	136,080	(36,861)	65,280
Interest Expense	12,996	14,601	(12)	14,613	(23,718)
Taxes & Licenses	22,845	23,308	9,795	13,513	7,657
Legal & Audit Fees	66,136	68,607	65,293	3,314	59,032
Marketing/Advertising	5,000	5,000	5,000	-	5,480
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Parking & Security	3,333	9,115	8,918	197	1,701
Professional Services	387,876	394,545	376,829	17,716	384,857
Rent	-	-	-	-	-
Utilities	237,330	237,203	224,709	12,494	214,557
Repairs and Maintenance	74,876	76,502	70,895	5,607	98,248
Supplies	18,453	35,672	30,298	5,374	16,697
Training/Conference Fees	5,650	4,297	4,500	(203)	45
Travel/Hospitality	20,700	23,204	22,305	899	3,048
Distributions	-	-	-	-	-
Total Operating Expenses	3,249,795	3,252,816	3,528,477	(275,661)	2,527,941
Operating Surplus	(3,249,795)	(3,252,816)	(3,528,477)	(275,661)	(2,527,941)
Other Income	876,545	891,129	956,105	64,976	934,211
Surplus before Allocations	(2,373,250)	(2,361,687)	(2,572,372)	(210,685)	(1,593,730)

## CSUN CAMPUS STORE

An operating agreement with Follett Higher Education Group (Follett) was first executed in April 2006 and amended with a ten-year extension in August 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. In response to the COVID-19 pandemic and the rapid change in the course materials landscape in higher education, this agreement was again amended in February 2022. This amendment keeps the 15.3% and 16.1% commission for the conventional textbooks but provides a more favorable commission structure for the digital materials for both Inclusive and Equitable Access programs. Due to the pandemic, Follett suspended TUC's guaranteed minimum commission. A guaranteed minimum commission of \$850,000 was added back for FY 22/23. For FY 23/24, the guaranteed minimum commission from Follett will be 95% of the actual commissionable sales from FY 22/23; however, commission revenue is budgeted slightly higher at \$768,049.

The 2<sup>nd</sup> \$1,000,000 payment to TUC received in November 2020 will continue to be amortized over the remaining life of the contract, which expires in 2025.

### *Fiscal Year 22/23 Projection*

The FY 22/23 commission revenue is \$850,000 reflecting the minimum annual commission guarantee as noted in the recent Follett contract amendment. FY 22/23 is projected to have the same revenue as budgeted at \$1,050,000, which includes the \$850,000 commission revenue plus the \$200,000 amortization payment. The overall operating expenses are projected to be above budget by approximately \$5,000 due to the additional consultant expenses which are to support additional meetings with Follett as well as the continuation of discussions about a broader Access program in the future.

	FY 22/23 Budget		FY 22/23 Projection		Variance
Commission Revenue	\$	850,000	\$	850,000	\$ -
Amortization of \$1M one-time payment	\$	200,000	\$	200,000	\$ -
Operating Expenses	\$	(84,000)	\$	(89,000)	\$ (5,000)
Net Surplus	\$	966,000	\$	961,000	\$ (5,000)

Recently TUC formed an ad hoc exploratory committee, consisting of TUC's faculty and student Board members, where the committee explored the feasibility of CSUN adopting a comprehensive Access Program for all undergraduates. This initiative, titled, "CSUN Ready: Affordable Course Materials for Undergraduates" is a voluntary program for students, intended to provide course materials for a student's entire class schedule at significantly reduced costs from traditional course materials. The committee had several meetings during the fall semester and the consensus was to discuss the program with the campus community with a goal to implement CSUN Ready for the Fall 2024 semester.

### *Fiscal Year 23/24 Budget*

The FY 23/24 commission revenue is budgeted at \$768,000 which is \$82,000 lower than the guaranteed minimum from the prior year. The formula for the guaranteed minimum commission revenue from Follett

for FY 23/24 is calculated based on 95% of the actual commissionable sales of prior year (FY 22/23). While that calculation results in \$730,000, commission revenue is budgeted slightly higher at \$768,000.

Operating expenses will be higher than prior years at \$116,000, which reflects an increase in insurance expenses plus an increase in consultant expenses, as TUC continues its campus wide roadshows with the goal to familiarize the campus and build student and faculty awareness.

In the coming year, the focus on Access programs will continue, which includes growing the current MCDA program and continuing discussions to implement CSUN Ready: Affordable Course Materials for Undergraduates by Fall 2024. The ongoing pursuit of affordability, increased retention and positively impacting the equity gap are important pillars of these programs. CSUN remains further ahead than most campuses in this regard and will continue to serve as a model to other CSU campuses. In addition, by implementing CSUN Ready, the Campus' contribution to the Governor's compact on the commitment to reduce the cost of learning materials by 50% will be met.

	FY 22/23 Projection		FY 23/24 Budget		Variance
Commission Revenue	\$	850,000	\$	768,049	\$ (81,951)
Amortization of \$1M one-time payment	\$	200,000	\$	200,000	\$ -
Operating Expenses	\$	(89,223)	\$	(115,540)	\$ (26,317)
Net Surplus	\$	960,777	\$	852,509	\$ (108,268)

**The University Corporation**  
**FY 23/24 Budget Summary**

**Dept Name =** CSUN CAMPUS STORE

	Budget FY 22/23	Projection FY 22/23	BUDGET FY 23/24	Change fr 22/23 Projected	Actual FY 21/22
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	39,144	39,481	49,704	(10,223)	44,987
Benefits	17,400	15,605	19,596	(3,991)	18,045
Total Payroll & Benefits	56,544	55,086	69,300	(14,214)	63,032
<i>Total Payroll &amp; Benefits %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bad Debts	-	-	-	-	-
Bank charges	-	-	-	-	-
Communications/Telephone	-	-	-	-	-
Depreciation & Amort	-	(179)	-	(179)	49,827
Dues & Subscriptions	-	-	-	-	-
Equipment/Equip Rental	-	-	-	-	-
Bldg/Sanitation/Custodial	-	-	-	-	-
Fees	-	-	-	-	-
Freight/Postage/Mail Serv	-	-	-	-	-
Insurance	5,532	7,162	8,928	(1,766)	3,660
Interest Expense	-	-	-	-	-
Taxes & Licenses	1,520	1,738	1,520	218	1,473
Legal & Audit Fees	-	-	-	-	-
Marketing/Advertising	800	200	800	(600)	2,069
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>
Parking & Security	-	-	-	-	-
Professional Services	20,004	25,163	34,992	(9,830)	15,201
Rent	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Supplies	-	53	-	53	-
Training/Conference Fees	-	-	-	-	-
Travel/Hospitality	-	-	-	-	-
Total Operating Expenses	84,400	89,223	115,540	(26,317)	135,261
Operating Surplus	(84,400)	(89,223)	(115,540)	(26,317)	(135,261)
Other Income	1,050,000	1,050,000	968,049	(81,951)	1,049,082
Surplus before Allocations	965,600	960,777	852,509	(108,268)	913,821

## FOOD SERVICES

The Food Service division was contracted to Chartwells Higher Education Group in the Fall of 2020, and is now branded as Matador Eats. Chartwells assumed the Profit & Loss financial model at the beginning of FY 22/23.

The Food Service division is comprised of eighteen operating units: four national brands (Subway, Panda Express, El Pollo Loco and Sambazon), one regional brand (Shake Smart), four self-branded Freudian Sip coffee houses, and food operations in the Sierra Center Marketplace, The Orchard Conference Center (which replaced the Orange Grove Bistro), Arbor Grill, G'mos/Bamboo Terrace residential dining, three Matador Mercado Convenience Stores, Vending, Athletics Concessions, and Soraya Concessions. In partnership with TUC, all of these units are managed by Chartwells. During FY 22/23, all dining locations were open except The Pub, Freudian Sip Campus Store and the Sierra Center Mercado.

Despite the lifting of COVID-19 restrictions, the negative impacts on Food Service operations continue. Sales were significantly lower than budget, due in part, to campus foot traffic being over 30% lower than 2019. This percentage decrease corresponds with the decrease in cars in the campus parking structures. If this trend continues, as it is expected to, the Food Service division will not be a significant revenue generator in the near and mid-term future. TUC and Chartwells, however, will continue to focus on improving facilities, food services and menu offerings, as quality Matador Eats operation is a critical element of campus life and student success at CSUN.

### *Fiscal Year 22/23 Projection*

Revenue: Revenue to TUC for this division consists of two parts: meal plan revenue and commission on both retail sales and catering. Working under the assumption that the campus was returning to primarily an in-person environment, retail sales were budgeted 20% lower than 2019's pre-pandemic operations. Unfortunately, actual retail sales will be 42% lower than 2019. With the opening of the Orchard Conference Center, catering sales were budgeted 15% higher than previous 2019's pre-pandemic operations. Unfortunately also, catering sales will be 13% lower than 2019. Additionally, a budgeting error resulted in an overstatement of meal plan revenue by \$419,000, which results in a budget to projected variance worse than it would have been without the error.

Chartwells continued to face many challenges with labor, supply chain shortages and higher costs which contributed to a difficult start to the fall semester; resulting in a much lower transaction count than was expected. The catering operation struggled as well for same reasons and therefore sales are less than budget.

Meal Plan Cost: In the 22/23 budget, Meal Plan cost represents the fees that Chartwells charges TUC to operate the Meal Plan program. Chartwells charges TUC a fixed daily rate, per meal plan, per operating day. This daily rate follows a sliding scale that fluctuates with the number of meal plan participants throughout the year. A lower cost "Matastyle" meal plan is also available to students who reside in housing units with kitchens. As these increase in popularity, less traditional meal plans are selected, which results in a higher daily rate being charged for the existing traditional meal plans.

Other Income: Other income consists of the annual Pepsi payments, vending commissions, and the amortization of the sign on bonus received from Chartwells.

**Summary:** Combined with lower than budgeted retail and catering sales, plus higher Meal Plan cost, Food Services is projected to be \$947,000 lower than budget, or \$500,000 with the budgeting error. The projected net surplus is \$21,000, however after adding back depreciation, there is a surplus of \$1,276,000.

	<b>22/23 Budget</b>	<b>22/23 Projected</b>	<b>Variance</b>
Revenue	\$6,801,000	\$6,268,000	\$(533,000)
Meal Plan cost	4,487,000	4,996,000	(509,000)
Payroll	219,000	199,000	20,000
Benefits	71,000	65,000	6,000
Depreciation	1,288,000	1,244,000	44,000
Other operating expenses	530,000	511,000	19,000
Operating surplus	497,000	(482,000)	(979,000)
Other income	471,000	503,000	32,000
Net Cash Generated	968,000	21,000	(947,000)

### **Fiscal Year 23/24 Budget**

FY 23/24 assumes that enrollment and foot traffic will be similar to FY 22/23; over 30% reduction in foot traffic on campus from the last steady-state year. The Marketplace will undergo a remodel in summer 2024. It is important to point out that the Food Service division will not be as much of a significant revenue generator as prior years. As a result, due to the decrease in foot traffic and other economic factors, Chartwells financial performance is significantly lower than they expected. TUC and Chartwells, however, will continue to focus on improving facilities, food services and menu offerings, as a quality Matador Eats operation is a critical element of campus life and student success at CSUN.

### **Revenue**

Revenue in the Food Services division is from two major sources: meal plan revenue and commission revenue from Chartwells on all the non-meal plan-related sales. It is expected that there will be a small increase in revenue in anticipation of a smoother fall opening than in FY 22/23 and increased sales at the Marketplace. TUC forecasts 1,400 meal plan participants for the term, the same as FY 22/23.

The FY 23/24 revenue for the Food Services division is estimated at \$6.3 Million with an operational deficit of (\$16,000) which is (\$37,000) worse than the FY 22/23 projection. After adding back the non-cash depreciation, the net surplus is \$1,167,000.

**Meal Plan Cost:** TUC will continue to collect all the Meal Plan revenue, Chartwells charges TUC a fixed daily rate, per meal plan, per operating day. This daily rate follows a sliding scale that fluctuates with the number of meal plan participants throughout the year. For FY 23/24, Meal Plan cost increases by \$139,000. This is largely due to a change in the anticipated type/mix of meal plans that will be sold. This will create more affordability for students.

	<b>22/23 Projected</b>	<b>23/24 Budget</b>	<b>Variance</b>
Revenue	\$6,268,000	\$6,332,000	\$64,000
Meal Plan cost	4,996,000	5,135,000	(139,000)
Payroll	199,000	215,000	(16,000)
Benefits	65,000	54,000	11,000
Depreciation	1,244,000	1,183,000	61,000
Other operating expenses	511,000	546,000	(35,000)
Operating surplus	(482,000)	(533,000)	(51,000)
Other income	503,000	517,000	14,000
Net Cash Generated	21,000	(16,000)	(37,000)

Summary: FY 23/24 budget reflects the new reality of the Food Service division. TUC and Chartwells will continue to adapt to the ever-changing challenges that the post-pandemic may bring. As TUC enters FY 23/24, TUC and Chartwells will continue to focus on improving facilities, food services and menu offerings, as quality Matador Eats operation is a critical element of campus life and student success at CSUN.

**The University Corporation**  
**FY 23/24 Budget Summary**

**Dept Name =**

**Dept Number =** SUMMARY OF ALL FOOD SERVICE DEPARTMENTS

	Budget FY 22/23	Projection FY 22/23	BUDGET FY 23/24	Change fr 22/23 Projected	Actual FY 21/22
Net Sales	6,800,706	6,268,481	6,332,027	63,546	7,365,285
Cost of Goods Sold	4,486,640	4,995,840	5,135,020	(139,180)	2,314,771
<i>Cost of goods sold %</i>	<i>66.0%</i>	<i>79.7%</i>	<i>81.1%</i>	<i>-219.0%</i>	<i>31.4%</i>
Gross Margin	2,314,066	1,272,642	1,197,007	(75,634)	5,050,514
Operating Expenses					
Payroll Costs	219,344	198,722	214,776	(16,054)	2,214,445
Benefits	71,244	64,553	53,616	10,937	687,196
Total Payroll & Benefits	290,588	263,276	268,392	(5,116)	2,901,641
<i>Total Payroll &amp; Benefits %</i>	<i>4.3%</i>	<i>4.2%</i>	<i>4.2%</i>	<i>-8.1%</i>	<i>39.4%</i>
Temporary Help	-	-	-	-	163,660
Grants & Contracts Exp	-	-	-	-	-
Bad Debts	-	-	-	-	1,855
Bank charges	2,736	4,759	4,764	(5)	67,223
Communications/Telephone	4,596	4,844	5,868	(1,024)	
Depreciation & Amort	1,287,705	1,243,978	1,183,493	60,485	1,396,197
Dues & Subscriptions	4,836	5,217	4,452	765	7,489
Equipment/Equip Rental	2,000	1,030	2,500	(1,470)	4,896
Bldg/Sanitation/Custodial	95,734	45,992	84,230	(38,238)	71,409
Fees	348	482	400	82	18,401
Freight/Postage/Mail Serv	-	-	-	-	9,643
Insurance	60,348	75,575	93,012	(17,437)	123,418
Interest Expense	37,812	37,813	36,888	925	(71,290)
Taxes & Licenses	21,227	17,633	17,693	(60)	43,580
Legal & Audit Fees	2,100	75	-	75	-
Marketing/Advertising	3,600	-	-	-	67,351
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>-</i>
Parking & Security	1,248	4,897	4,920	(23)	6,243
Professional Services	10,085	50,724	3,204	47,520	313,964
Rent	-	-	-	-	-
Utilities	48,794	14,009	67,739	(53,730)	198,397
Repairs and Maintenance	(62,440)	(28,930)	(59,348)	30,418	193,416
Supplies	600	3,456	2,100	1,356	180,360
Training/Conference Fees	1,200	-	-	-	
Travel/Hospitality	4,400	9,760	9,200	560	32,318
Distributions	-	-	-	-	39,887
Total Operating Expenses	1,817,517	1,754,590	1,729,507	25,083	5,770,058
Operating Surplus	496,549	(481,948)	(532,500)	(50,551)	(719,544)
Other Income	471,491	503,187	516,975	13,788	1,692,848
Surplus before Allocations	968,040	21,239	(15,525)	(36,763)	973,303



## REAL ESTATE

TUC's real estate program includes thirty-three townhomes in College Court, nine single-family homes, a commercial building on Reseda Boulevard, and three unimproved lots contiguous to campus. In FY 2022-2023, TUC purchased two additional single-family homes with the capital from the Real Estate Reserve Fund which increased the ownership of single-family homes to nine.

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, positively impact the areas surrounding CSUN, and acquire, manage, and expand the actual property holdings for the benefit of the university. Additionally, these investments provide a steady stream of rental revenue and allow the potential appreciation in the market value of these real properties.

For the benefit of CSUN's faculty and staff, TUC charges below-market rents for the units at College Court and single-family homes; however, due to no rent increases for two years during the pandemic for TUC tenants, and despite a 3.5% rent increase in FY 22/23, the Faculty/Staff Housing rents did not keep pace with the surrounding Northridge rental rates. Therefore, resulting in a gap for FY 23/24 ranging between 9% to 18% below market. The target goal for this subsidy ranges from 8% to 12% below market annually.

For the *existing* tenants in all TUC housing properties, a 3.5% increase in rents is budgeted for FY 23/24. This increase is necessary to accommodate the escalating operating costs to maintain these properties and continue to reduce the subsidized market gap.

The three-year Maximum Tenancy Limit Policy at College Court affects the annual vacancy rate, with specific years having a more significant number of vacancies than other years. The FY 22/23 occupancy rate at College Court was 100%. Partnering with the campus to send "available now for rent" emails to all faculty and staff helps raise the occupancy rate at College Court.

FY 23/24, TUC will continue to partner with Campus to enhance the waitlist by sending e-mails to CSUN employees.

TUC staffs the North Campus Development Corporation (NCDC) for its operations and financial reporting. In partnership with the University, FY 23/24 will be a significant year continuing to plan a new faculty and staff housing development on North Campus.

### ***Fiscal Year 22/23 Projection***

The FY 22/23 projected surplus is favorable to budget by \$18,000.

	<b>22/23 Budget</b>	<b>22/23 Projected</b>	<b>Variance</b>
Revenue	\$1,631,000	\$1,688,000	\$57,000
Expenses	1,291,000	1,330,000	(39,000)
<b>Net Surplus</b>	<b>340,000</b>	<b>358,000</b>	<b>18,000</b>

Significant factors:

- \$57,000 higher revenue resulting from the higher occupancy rate for the year, and 3.5% rent increase.
- \$39,000 higher operating expenses due to higher facilities related expenses, depreciation, property taxes and insurance.

### ***Fiscal Year 23/24 Budget***

The Net Surplus for FY 23/24 is budgeted at \$409,000, which is better than FY 22/23 projected by \$51,000.

	<b>22/23 Projected</b>	<b>23/24 Budget</b>	<b>Variance</b>
Revenue	\$1,688,000	\$1,825,000	\$137,000
Expenses	1,330,000	1,415,000	(85,000)
<b>Net Surplus</b>	<b>358,000</b>	<b>409,000</b>	<b>51,000</b>

Significant factors:

- Revenue is \$137,000 higher, anticipating a sustained low vacancy rate at College Court, rent increase of 3.5% for existing tenants, no foreseeable single-family home turnovers, and a 4.9% consumer price index (CPI) rent increase for the Reseda Annex lease.
- The increase in expenses by \$85,000 is mainly due to an increase in insurance expense, depreciation and property tax expenses.

When adding back the non-cash depreciation expense of \$350,000, the Real Estate operation is cash positive by \$708,000 for FY 22/23. For FY 23/24, after adding back non-cash depreciation expense of \$384,000, the department is cash positive by \$793,000.

**The University Corporation**

**FY 23/24 Budget Summary**

**Dept Name =**

**Dept Number =** SUMMARY OF ALL REAL ESTATE

	Budget FY 22/23	Projection FY 22/23	BUDGET FY 23/24	Change fr 22/23 Projected	Actual FY 21/22
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	79,200	89,771	99,648	(9,877)	75,429
Benefits	14,868	15,041	16,666	(1,625)	12,387
Total Payroll & Benefits	94,068	104,812	116,314	(11,502)	87,816
<i>Total Payroll &amp; Benefits %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bank charges	-	-	-	-	-
Communications/Telephone	1,380	2,363	3,435	(1,073)	-
Depreciation & Amort	345,383	349,591	384,146	(34,555)	346,022
Dues & Subscriptions	9,555	9,558	9,555	3	7,409
Equipment/Equip Rental	5,076	5,076	3,600	1,476	9,559
Bldg/Sanitation/Custodial	24,996	24,608	25,620	(1,012)	16,856
Fees	192,060	192,060	192,060	-	192,060
Freight/Postage/Mail Serv	240	327	240	87	(64)
Insurance	41,244	48,087	59,456	(11,369)	29,040
Interest Expense	123,540	123,539	110,919	12,620	133,559
Taxes & Licenses	143,640	149,943	176,184	(26,241)	139,377
Legal & Audit Fees	8,520	8,526	7,680	846	2,426
Marketing/Advertising	1,800	1,050	1,800	(750)	114
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%
Parking & Security	-	-	-	-	70
Professional Services	24,300	19,472	23,220	(3,748)	12,698
Rent	-	-	-	-	-
Utilities	8,340	6,141	11,580	(5,439)	10,582
Repairs and Maintenance	260,100	276,474	283,344	(6,870)	234,815
Supplies	1,702	3,232	1,210	2,022	589
Training/Conference Fees	-	-	-	-	-
Travel/Hospitality	4,792	4,794	4,900	(106)	-
Capital Equipment Contra	-	-	-	-	-
Total Operating Expenses	1,290,736	1,329,651	1,415,264	(85,612)	1,222,929
Operating Surplus	(1,290,736)	(1,329,651)	(1,415,264)	(85,612.35)	(1,222,929)
Other Income	1,630,875	1,687,514	1,824,571	137,057	1,589,563
Surplus before Allocations	340,139	357,862	409,307	51,445	366,634

## 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. TUC retains 50% of indirect cost (IDC) recovery to cover all operation expenditures related to post-award administration (RSP, Administration, Accounting, Human Resources, Information Technology and other overhead costs such as debt service. After RSP reserve allocation, which funds disallowable costs on sponsored projects, the remaining IDC recovery funds are retained in the IDC master fund and available to the University.

### *Fiscal Year 22/23 Projection*

FY 22/23 grants revenue is projected at \$36,090,000, which is \$2,751,000 more than the budget. Research and sponsored projects activities have returned to pre-pandemic level with travel and in-person activities driving the increase in direct costs. The increase in federal negotiated indirect cost rate in November 2021 has also positively impacted the growth of the recovered indirect cost total, and is projected to be 21% of total direct costs for FY 22/23.

	<b>22/23 Budget</b>	<b>22/23 Projected</b>	<b>Variance</b>
Grants revenue	\$33,339,000	\$36,090,000	\$2,751,000
TUC's Net Cash to Cover RSP and G&A	\$2,539,000	\$3,145,000	\$606,000

The RSP Post-Award departmental operating expenses for FY 22/23 are projected at \$811,000, which is \$114,000 lower than budget. Labor market conditions have made it difficult in finding applicants who have research administration experience. To solve understaffing and sustain operations, the department has changed its focus and hire entry level candidates with a goal of training them to higher positions. This has resulted in personnel cost savings in FY 22/23.

	<b>22/23 Budget</b>	<b>22/23 Projected</b>	<b>Variance</b>
TUC's 50% IDC	\$2,539,000	\$3,145,000	\$606,000
Operating Expense	\$925,000	\$811,000	\$114,000
TUC's Net Cash to Cover G&A	\$1,614,000	\$2,334,000	\$720,000

### *Fiscal Year 23/24 Budget*

Research and sponsored activities have continued to grow on campus. New Principal Investigators are being developed by a few centers on campus, such as Health Equity Research & Education (HERE) Center and Autonomous Research Center for STEAHM (CSUN ARCS). The increase in indirect cost rates for both Federal and California State awards also contributes to the projected increase of sponsored projects revenue. FY 23/24 budget is \$37,100,000, which is \$1,010,000 higher than FY 22/23 projected revenue.

	<b>22/23 Projected</b>	<b>23/24 Budget</b>	<b>Variance</b>
Grants revenue	\$36,090,000	\$37,100,000	\$1,010,000
TUC's Net Cash to Cover RSP and G&A	\$3,145,000	\$3,344,000	\$199,000

RSP continues to focus on PRO-PI initiatives and systems improvements. As sponsored projects activities increase, the emphasis will be on training and the development of staff to ensure that the department is operating at optimum levels and is able to meet continued growth in sponsored activities. The department budget projects a full staff by July 2023.

For FY 23/24, CSUN and TUC will begin working on the Facilities & Administration (F&A) rate renegotiation project, which is a comprehensive study of research space and sponsored projects activities at CSUN. This project is estimated to cost \$80,000, which will be shared by campus and TUC. Traditionally, this effort results in an increase to the indirect cost rate (IDC rate). The last F&A negotiation in 2020 increased the on-campus IDC rate from 45% to 47.5% IDC rate.

	<b>22/23 Projected</b>	<b>23/24 Budget</b>	<b>Variance</b>
TUC's 50% IDC	\$3,145,000	\$3,344,000	\$199,000
Operating Expense	\$811,000	\$1,043,000	(\$232,000)
<b>TUC's Net Cash to Cover G&amp;A</b>	<b>\$2,334,000</b>	<b>\$2,301,000</b>	<b>(\$33,000)</b>

The projected 50% IDC return to Academic Affairs for FY 23/24 is anticipated to be \$3,344,000. Similarly, IDC retained by TUC for FY 23/24 is anticipated to be \$3,344,000. This covers the operating expenditures of the RSP division of \$1,043,000. The remaining \$2,301,000 Net Cash to Cover G&A helps with expenses related to other post- award administrative efforts including Administration, Accounting, Human Resources, and Information Technology; and other overhead such as debt service. For FY 23/24, G&A Division's expenses will be approximately \$2.6 Million. The majority of G&A effort is devoted to supporting RSP activity. Additionally, annual debt service on the Sierra Center, which houses TUC, is \$400,000.

**The University Corporation**  
**FY 23/24 Budget Summary**

**Dept Name =**

**Dept Number =** SUMMARY OF ALL RSP DEPARTMENTS

	<b>Budget FY 22/23</b>	<b>Projection FY 22/23</b>	<b>BUDGET FY 23/24</b>	<b>Change fr 22/23 Projected</b>	<b>Actual FY 21/22</b>
Net Sales	33,339,043	36,090,485	37,100,000	1,009,515	31,405,046
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Gross Margin	33,339,043	36,090,485	37,100,000	1,009,515	31,405,046
Operating Expenses					
Payroll Costs	542,739	496,355	603,645	(107,290)	422,963
Benefits	141,864	88,283	151,314	(63,031)	125,854
Total Payroll & Benefits	684,603	584,638	754,959	(170,321)	548,817
<i>Total Payroll &amp; Benefits %</i>	<i>2.1%</i>	<i>1.6%</i>	<i>2.0%</i>	<i>-16.9%</i>	<i>1.7%</i>
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	28,261,528	29,800,722	30,411,669	(610,947)	26,618,589
Bank charges	-	-	-	-	-
Communications/Telephone	6,720	4,654	5,856	(1,202)	-
Depreciation & Amort	-	-	-	-	-
Dues & Subscriptions	600	400	600	(200)	540
Equipment/Equip Rental	3,600	6,636	2,000	4,636	5,702
Bldg/Sanitation/Custodial	-	-	-	-	-
Fees	-	-	-	-	-
Freight/Postage/Mail Serv	500	131	-	131	-
Insurance	131,028	130,305	144,156	(13,851)	103,308
Interest Expense	-	-	-	-	-
Taxes & Licenses	-	-	-	-	30,135
Legal & Audit Fees	29,620	27,720	31,773	(4,053)	-
Marketing/Advertising	-	-	-	-	-
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Parking & Security	-	-	-	-	-
Professional Services	46,647	45,668	84,004	(38,336)	35,241
Rent	-	-	-	-	-
Utilities	-	-	-	-	5,142
Repairs and Maintenance	-	-	-	-	-
Supplies	6,500	4,255	5,230	(975)	5,206
Training/Conference Fees	-	-	-	-	-
Travel/Hospitality	15,000	6,916	14,100	(7,184)	964
Total Operating Expenses	29,186,346	30,612,044	31,454,347	(842,303)	27,353,645
Operating Cash	4,152,697	5,478,441.10	5,645,653	167,212	4,051,400
Other Income	-	-	-	-	-
Cash before Allocations	4,152,697	5,478,441	5,645,653	167,212	4,051,400

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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. For fiscal year 23/24 the capital budget is \$200,000.

1.	<u>Campus Store Complex – 4 Air Conditioning Units:</u> - The four oldest individual air conditioning units that service second floor classrooms on the west side of the Campus Store Complex are antiquated. All four units will be replaced with more efficient equipment.	\$60,000
2.	<u>Unanticipated Equipment Upgrades/Replacements - Chartwells' Preparations to Operate Dining Locations:</u> Much of TUC's kitchen equipment is outdated. As Chartwells continues to operate more equipment repairs and/or replacements are expected.	\$50,000
3.	<u>G'mos Booth Reupholstering:</u> - Due to wear and tear over time, booth seating at G'mos will undergo repairs and reupholstering.	\$25,000
4.	<u>Foodservices: Upgrade Camera System:</u> - Existing security cameras in all TUC facilities and dining locations will be repaired or replaced.	\$20,000
5.	<u>Arbor Court: Exterior Light Replacement:</u> - The lighting system which services the Arbor Court exterior seating area will be replaced to become more energy efficient.	\$10,000
6.	<u>CSUN Web One Upgrade Project:</u> 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 to the new platform.	\$10,000
7.	<u>On Base Design &amp; Development:</u> OnBase is a secure electronic platform used to manage documents and workflow which are accessible from a central location. Workflow and reporting enhancements to OnBase will be implemented during FY 23/24.	\$5,000
8.	<u>Unallocated</u>	\$20,000
<b>TOTAL</b>		<b>\$200,000</b>