


To: Dr. William A. Covino, Cal State LA President

cc: Lisa M. Chavez V.P.  
Administration and Finance

From: Tariq Marji, Executive Director 

Date: 06/17/2020

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Subject: UAS Budget for Fiscal Year 2020-21

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President Covino,

Attached is the UAS budget for fiscal year 2020-21. The budget was reviewed and approved by management and the Executive Committee. In addition, on May 28, 2020, the Board of Directors reviewed the budget and passed a resolution to adopt. Pursuant to the Policies and Procedures for California State University Auxiliary Organizations Section 9.9.1, UAS is required to submit its annual budget to the University President for approval. Accordingly, to start our 2020-21 fiscal year process, we request your signature on the enclosed budget resolution.

Thank you,

RESOLUTION

**OPERATING BUDGET FISCAL YEAR 2020-2021**

WHEREAS, the Cal State L.A. University Auxiliary Services, Inc. (“UAS”) operates on a fiscal year beginning July 1st and ending June 30; and

WHEREAS, the UAS Board of Directors approves operating budget for each fiscal year; and

WHEREAS, the Executive/Finance Committee has reviewed and approved the proposed budget and forecast;

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Cal State L.A. University Auxiliary Services, Inc. approve the attached operating budget for the fiscal year beginning July 1, 2020 and ending June 30, 2021; and

BE IT FURTHER RESOLVED, that with his signature below, Cal State L.A. President William A. Covino signifies his approval of said budget and authorizes UAS management to proceed with implementation effective July 1, 2020.



WILLIAM A. COVINO  
PRESIDENT, CAL STATE L.A.

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*I, Joyce Williams, Secretary of Cal State L.A. University Auxiliary Services, Inc., incorporated under the laws of the State of California, hereby certify that the foregoing is a true copy of a resolution duly adopted by the Board of Directors of said Corporation at a meeting duly held May 28, 2020, at which a quorum was present and voting, and that the same has not been repealed or amended, and remains in full force and effect and does not conflict with the Bylaws of said Corporation.*



JOYCE WILLIAMS  
SECRETARY - UAS

**CAL STATE LA UNIVERSITY AUXILIARY SERVICES, INC.  
PROPOSED 2020-2021 BUDGET  
HIGHLIGHTS**

The 2020-2021 operating and capital budget will provide goods and services to support the mission of the University.

The budget is subject to assumptions, estimates, forecasts and judgments made by the managers and directors of the Corporation who cannot predict all the actions, and risks, over which there may not be control, and which can cause actual results to differ materially especially in the unpredictability of social and economic impact of COVID 19 pandemic. These variables include, but are not limited to:

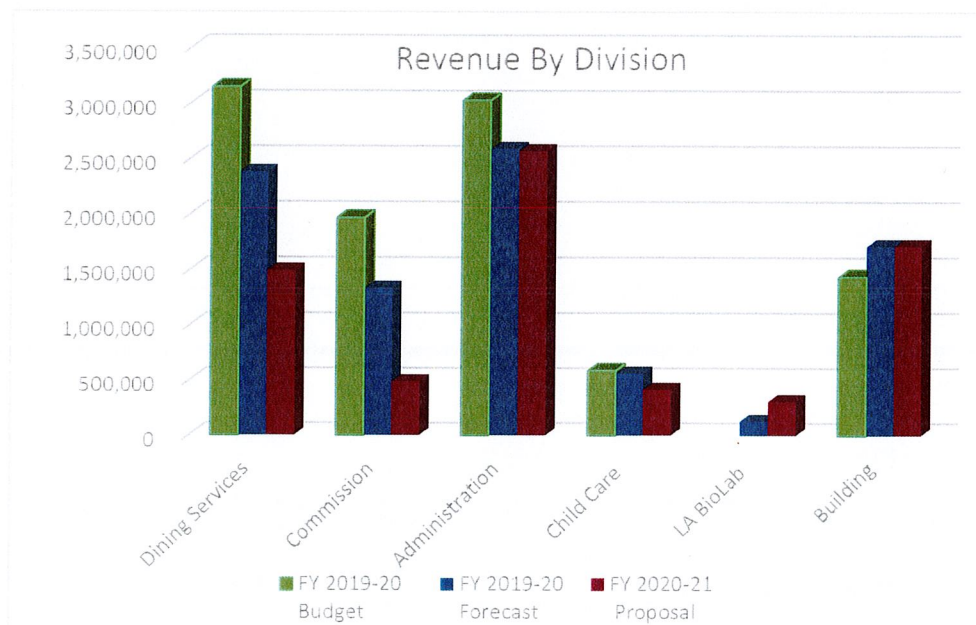
- The state budget;
- Changes in enrollment;
- Competition (on and off-campus); and
- Environmental liability and regulations.

As a result, the UAS’s operating budget is based on assumptions, historical performances, and judgments of senior management regarding how the corporation will perform.

The proposed operating revenue of \$6.52 million, offset by expenditures of \$7.20 million, generates a net deficit of approximately (\$689,394).

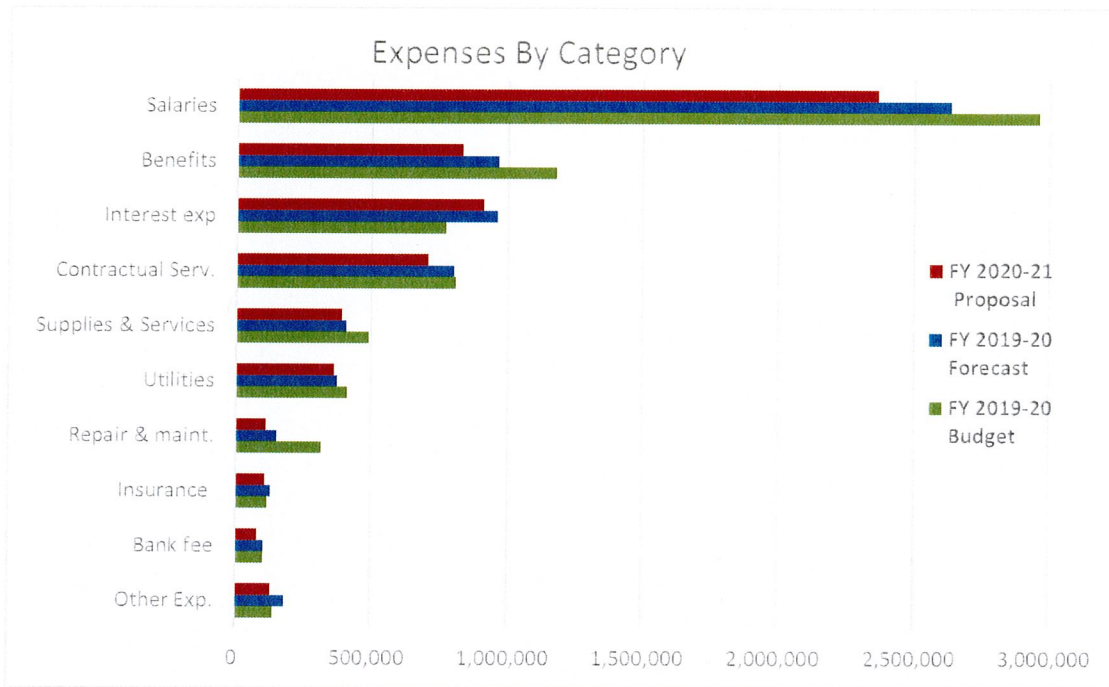
**Revenues**

Total projected revenue is anticipated to decline by (\$1.73) million dollars in comparison to this year’s forecast, due to the reduction in the campus population. The primary decline is in commercial operations. Commission revenue is anticipated to decline by (\$845,987). In addition, Dining and Hospitality revenue is expected to drop by (\$886,765).



**Expenses**

UAS’s total operational expenses are projected to decline by (\$1,151,359) in comparison to the current year’s forecast. The reduction in expenses is mainly in variable costs such as the Cost of Goods Sold, Payroll, and Credit Cards charges. These costs are reduced as they are directly tied to the reduction in revenue. The largest declines in expenses were in Cost of Goods Sold and Payroll, reducing costs by (\$552,668) and (\$404,724), respectively. With the exception of Bond Interest Expense, and Depreciation, all cost categories were reduced.



**Sources and Uses of Cash**

For the proposed fiscal year 2020 -2021, sources of cash from operations, finance, and non-cash transactions are expected to generate \$1,797,535. Cash uses for long-term debt obligation amounts to (\$1,140,000). Net cash sources and usage are projected to generate \$657,535 from the following activities:

<b>Sources of Cash</b>	
Operating deficit	\$ (689,394)
Non-cash depreciation	1,111,572
Post-retirement obligation (PRBO)	87,513
Paycheck Protection Program (PPP Loan)	1,287,844
Total cash generated:	\$ 1,797,535
<b>Uses of Cash</b>	
L.T. Debt bond Obligation (GE building)	\$ (1,050,000)
L.T. Debt bond Obligation (LA BioLab)	(90,000)
Total uses of cash:	\$ (1,140,000)
 Net Sources and Usage of Cash	 \$ 657,535

**Cal State LA University Auxiliary Services, Inc.  
2020-2021 Operating Budget Proposal**

Description	FY 2019-20 Budget	FY 2019-20 Forecast	FY 2020-21 Budget Proposal	\$ Change to FY 2010-21 Budget	% Change to FY 2020- 21 Budget
<b><u>Unrestricted</u></b>					
<b>REVENUE</b>					
Dining & Hospitality	\$ 3,145,000	\$ 2,379,917	\$ 1,493,152	\$ (1,651,848)	-53%
Less: Cost of Goods	(1,065,000)	(962,537)	\$ (512,332)	552,668.32	-52%
	2,080,000	1,417,380	980,820	(1,099,180)	-53%
Indirect Cost Revenue	2,385,000	1,840,000	1,795,987	(589,013)	-25%
Admin Recovery	210,000	135,837	164,694	(45,306)	-22%
Commission	1,508,200	1,334,077	488,090	(1,020,110)	-68%
Buildings Operation	1,577,021	1,713,136	1,713,136	136,115	9%
Interest Income	32,000	11,139	11,139	(20,861)	-65%
Child Care Centee	662,650	562,650	415,152	(247,498)	-37%
Campus Program Admin fee	180,000	164,694	145,000	(35,000)	-19%
LA BioLab Incubator	0	127,159	305,920	305,920	
Other Revenue	460,500	436,456	450,100	(10,400)	-2%
<b>Total Revenue</b>	<b>9,095,371</b>	<b>7,742,528</b>	<b>6,470,038</b>	<b>(2,625,333)</b>	<b>-29%</b>
<b>EXPENSES</b>					
Salaries and Wages	2,964,841	2,637,666	2,364,838	(600,003)	-20%
Benefits	1,179,843	965,516	833,620	(346,223)	-29%
Audit/Legal	175,500	158,672	52,680	(122,820)	-70%
Contractual Services	588,275	521,976	542,819	(45,456)	-8%
Supplies & Services	493,550	409,802	391,416	(102,134)	-21%
Utilities & Telephone	412,500	375,000	363,000	(49,500)	-12%
Insurance Premiums	120,000	95,000	110,000	(10,000)	-8%
Interest on capital lease	773,270	962,000	910,750	137,480	18%
Bank Charges	104,670	97,377	81,202	(23,468)	-22%
Repair & Maintenance	319,000	154,616	113,875	(205,125)	-64%
Lease & Rental	47,000	123,458	112,320	65,320	139%
Other Operating Expenses	143,375	185,162	133,827	(9,548)	-7%
<b>Total Operating Exp.</b>	<b>7,321,824</b>	<b>6,686,245</b>	<b>6,010,347</b>	<b>(1,311,477)</b>	<b>-18%</b>
<b>Gross Operating Income/(Loss)</b>	<b>1,773,547</b>	<b>1,056,283</b>	<b>459,691</b>	<b>(1,313,856)</b>	<b>-74%</b>
Campus Programs net, income/(expenses)	50,000	50,000	50,000	-	0%
<b>Net Operating Income/(Loss)</b>	<b>1,823,547</b>	<b>1,106,283</b>	<b>509,691</b>	<b>(1,313,856)</b>	<b>-72%</b>
<b>Non Cash Expenditures</b>					
Depreciation & Amortization	1,208,801	1,111,572	1,111,572	(97,229)	-8%
Reserve - Post Retirement Med	119,171	87,533	87,513	(31,658)	-27%
Deferred Building Maintenance Reserve*	175,000	-	-	(175,000)	-100%
Rongxiang Xu Biospace construction pass-thru	0	-	-	-	
<b>Net Income/(Loss)</b>	<b>320,575</b>	<b>(92,823)</b>	<b>(689,394)</b>	<b>(1,009,969)</b>	<b>(3)</b>
<b><u>Restricted</u></b>					
Contracts & Grants Revenue	27,000,000	21,000,000	19,000,000	(8,000,000)	-30%
Contracts & Grants Expenditure	27,000,000	21,000,000	19,000,000	(8,000,000)	-30%
	-	-	-	-	-

Cal State L.A. University Auxiliary Services, Inc.  
Detail of Lease & Commission Revenue  
FY 2020/2021

Description	FY 2019/20 as of			FY 2020/21 Budget Proposal	\$ Change to FY 2020/21 Budget	% Change to FY 2020/21 Budget
	FY 2019/20 Budget	Feb 29, 2020 Actual	FY 2019/20 Forecast			
<b>Commission Income</b>						
Bookstore	\$ 702,000	459,974	\$ 702,000	\$ 250,500	\$ (451,500)	-64%
Starbucks	95,000	77,387	94,035	25,400	(69,600)	-73%
Golden Eagle Express	9,500	3,840	9,500	1,990	(7,510)	-79%
Metro	12,480	8,560	9,679	4,300	(8,180)	-66%
Café 47	70,000	54,586	65,856	30,200	6,000	9%
Carl's Jr	96,000	74,370	79,710	34,000	(62,000)	-65%
El Pollo Loco	97,000	74,631	80,022	31,000	(66,000)	-68%
Johnny's Kitchen	58,000	37,912	40,600	15,100	(42,900)	-74%
Kikka	54,000	39,231	42,100	14,300	(39,700)	-74%
Juice It Up	72,000	39,577	42,766	16,900	(55,100)	-77%
Sbarro's	90,000	62,970	72,109	32,300	(57,700)	-64%
First Class Vending	78,000	37,117	39,500	15,200	(62,800)	-81%
Every Table	62,000	52,165	56,200	16,900	(26,990)	100%
Misc. Commission	12,220	245,570	-	-	(12,220)	100%
<b>Total Commission Income</b>	<b>\$ 1,508,200</b>	<b>\$ 1,267,889</b>	<b>\$ 1,334,077</b>	<b>\$ 488,090</b>	<b>\$ (1,020,110)</b>	<b>-68%</b>
<b>Lease Income</b>						
Extended Education	\$ 468,900	\$ 351,660	\$ 468,900	\$ 468,900	\$ -	0%
Service Center/One Card	63,600	47,693	63,600	63,600	-	0%
Pat Brown Institute	95,800	71,837	95,800	95,800	-	0%
Ballroom rental	394,759	293,907	394,759	394,759	-	0%
Room Rental - FCU	47,197	35,397	47,197	47,197	-	0%
ATM - FCU	21,382	16,323	21,382	21,382	-	0%
ATM - Bank of America	13,045	8,697	13,045	13,045	-	0%
ATM - Wells Fargo	12,895	10,591	12,895	12,895	-	0%
TVFM Building	287,124	423,186	423,186	423,186	136,062.00	47%
AT&T Cell Tower Lease	58,639	36,230	58,700	58,700	61.00	0%
T Mobile	58,880	32,809	58,880	58,880	-	0%
Verizon*	54,800	4,635	54,800	54,800	-	0%
<b>Total Lease Income</b>	<b>\$ 1,577,021</b>	<b>\$ 1,332,965</b>	<b>\$ 1,713,144</b>	<b>\$ 1,713,144</b>	<b>\$ 136,123</b>	<b>9%</b>