

UAS CAL STATE LA
UNIVERSITY
AUXILIARY SERVICES INC.

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

cc: Joyce Williams V.P.
Administration and Finance

From: Tariq Marji, Executive Director

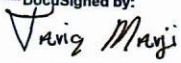
Date: 06/15/2021

Subject: UAS Budget for Fiscal Year 2021-22

President Covino,

Attached is the UAS budget for fiscal year 2021-22. The budget was reviewed and approved by management and the Executive Committee. In addition, on May 20, 2021, 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 2021-22 fiscal year process, we request your signature on the enclosed budget resolution.

Thank you,

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RESOLUTION

OPERATING BUDGET FISCAL YEAR 2021-22

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

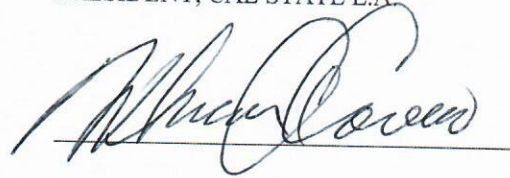
WHEREAS, the UAS Board of Directors approves the operating budget for each fiscal year; and

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, 2021 and ending June 30, 2022; 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, 2021.

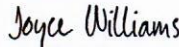
WILLIAM A. COVINO
PRESIDENT, CAL STATE L.A.



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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 20, 2021, 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.

DocuSigned by:



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JOYCE WILLIAMS
SECRETARY

CAL STATE LA UNIVERSITY AUXILIARY SERVICES, INC. PROPOSED 2021-2022 BUDGET HIGHLIGHTS

The 2021-2022 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:

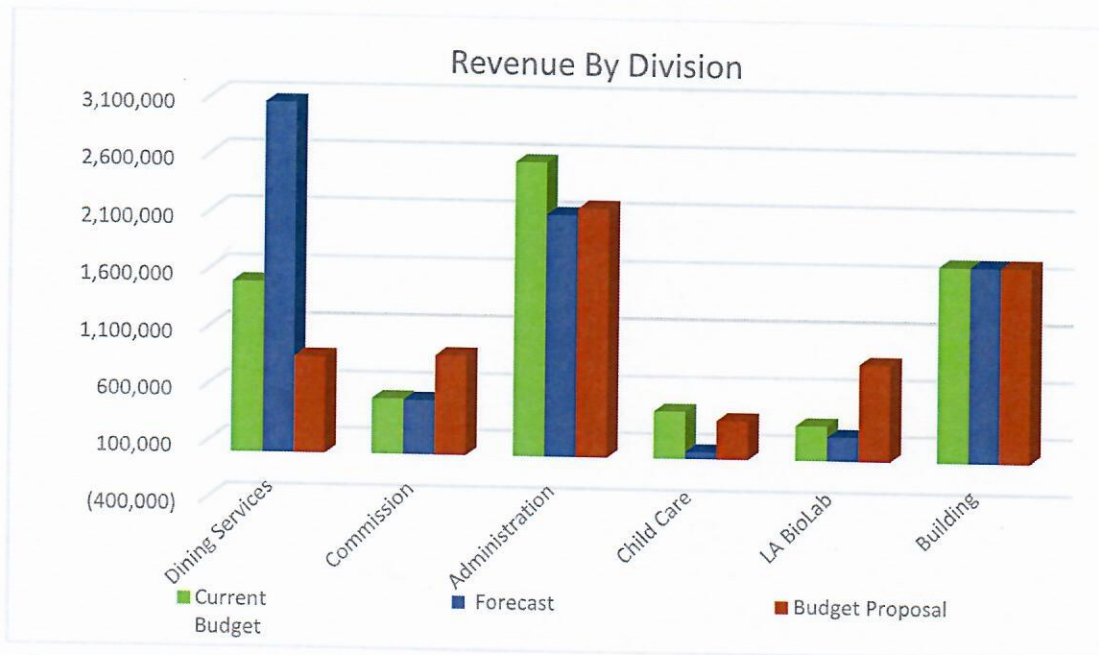
- The state budget;
- Changes in enrollment;
- Competition (on and off-campus); and
- Environmental liability and regulations.

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 \$6.8 million, offset by expenditures of \$7.4 million, generates a net deficit of approximately (\$617,299).

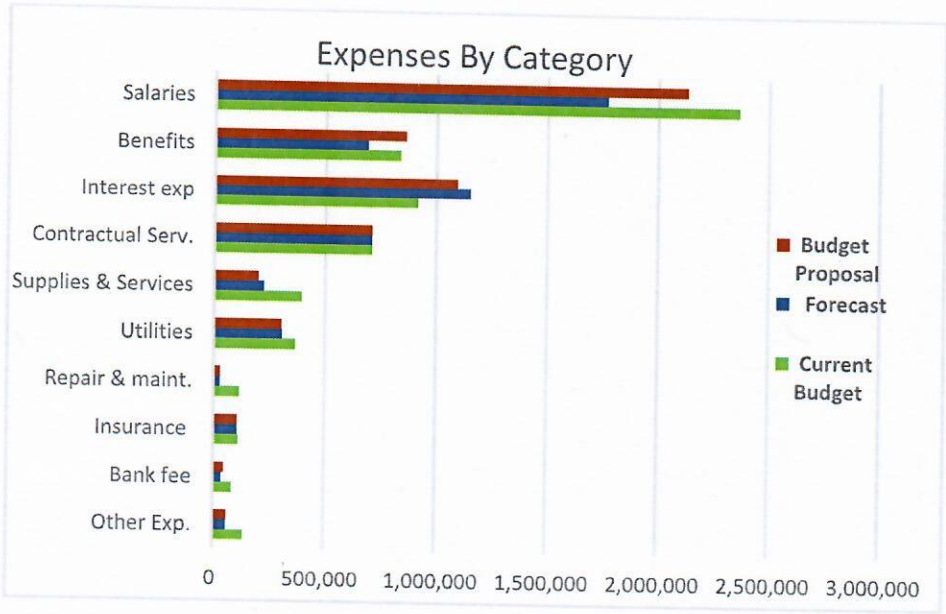
Revenues

Total projected revenue is anticipated to decline by (\$2.5) million dollars in comparison to this year’s forecast. The forecast revenue includes Department of General Services vaccination meal contract funds that are not projected in 2022 proposed budget.



Expenses

UAS’s total operational expenses are projected to increase by \$515,384 in comparison to the current year’s forecast. As the campus starts to bring in students and faculty on site, UAS will start to reopen its units to support the campus community. The increase in expenses is due to bringing support staff to run the business units. As a result, payroll costs increased to \$362,834 and benefits increased to \$152,384.



Sources and Use of Cash

For the proposed fiscal year 2021-2022, sources of cash from operations, finance, and non-cash transactions are expected to generate \$1,175,457. Cash use for long-term debt obligation amounts to (\$1,290,000). Net cash sources and usage are projected to have a cash use of (\$114,543) from the following activities:

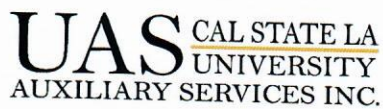
Sources of Cash

Operating activities	\$ (617,299)
Depreciation	1,699,914
Post-retirement benefit	92,842
Total cash generated:	\$ 1,175,457

Use of cash

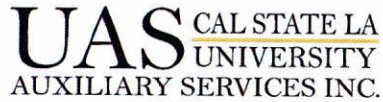
L.T. Debt Bond Obligation (G.E.)	\$ (1,110,000)
L.T. Debt Bond Obligation (LA BioSpace)	(95,000)
L.T. Debt Bond Obligation (TFM)	(85,000)
Total Use of Cash:	\$ (1,290,000)

Net Sources and Usage of Cash	\$ (114,543)
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Cal State LA University Auxiliary Services, Inc. 2021-2022 Operating Budget Proposal

Description	FY 2020-21 Budget	FY 2020-21 Forecast	FY 2021-22 Budget Proposal	\$ Change to FY 2021-22 Budget	% Change to FY 2021- 22 Budget
<u>Unrestricted</u>					
REVENUE					
Dining & Hospitality	\$ 1,493,152	\$ 3,055,039	\$ 848,500	\$ (644,652)	-43%
Less: Cost of Goods	(512,332)	(745,873)	\$ (235,300)	277,032	-54%
	980,820	2,309,166	613,200	(367,620)	-37%
Indirect Cost Revenue	1,795,988	1,656,801	1,631,808	(164,180)	-9%
Admin Recovery	164,694	50,393	58,500	(106,194)	-64%
Commission	488,090	478,039	873,982	385,892	79%
Buildings Operation	1,713,136	1,712,319	1,712,312	(823)	0%
Interest Income	11,139	125,000	192,099	180,960	1625%
Child Care Centee	415,152	60,605	340,095	(75,057)	-18%
Campus Program Admin fee	145,000	257,496	260,000	115,000	79%
LA BioLab Incubator	305,920	210,588	849,739	543,819	178%
Other Revenue	450,100	24,132	30,000	(420,100)	-93%
Total Revenue	6,470,039	6,884,538	6,561,735	91,696	1.4%
EXPENSES					
Salaries and Wages	2,364,838	1,769,217	2,132,051	(232,787)	-10%
Benefits	833,620	687,326	857,871	24,251	3%
Audit/Legal	52,680	50,822	55,300	2,620	5%
Contractual Services	542,819	502,743	516,951	(25,868)	-5%
Supplies & Services	391,416	220,891	195,505	(195,911)	-50%
Utilities & Telephone	363,000	302,748	300,792	(62,208)	-17%
Insurance Premiums	110,000	105,185	105,185	(4,815)	-4%
Interest on capital lease	910,750	1,150,438	1,090,462	179,712	20%
Bank Charges	81,202	35,587	47,162	(34,040)	-42%
Repair & Maintenance	113,875	25,545	28,345	(85,530)	-75%
Lease & Rental	112,320	2,790	47,434	(64,886)	-58%
Other Operating Expenses	133,827	57,051	59,221	(74,607)	-56%
Total Operating Exp.	6,010,347	4,910,343	5,436,278	(574,070)	-10%
Gross Operating Income/(Loss)	459,691	1,974,195	1,125,457	665,766	145%
Campus Programs net, income/(expenses)	50,000	50,000	50,000	-	0%
Net Operating Income/(Loss)	509,691	2,024,195	1,175,457	665,766	131%
Non Cash Expenditures					
Depreciation & Amortization	1,111,572	1,218,869	1,699,914	588,342	53%
Reserve - Post Retirement Med	87,513	90,138	92,842	5,330	6%
Deferred Building Maintenance Reserve*	-	-	-	-	-
Net Income/(Loss)	(689,394)	715,188	(617,299)	72,095	(0)
<u>Restricted</u>					
Contracts & Grants Revenue	19,000,000	24,000,000	26,000,000	7,000,000	37%
Contracts & Grants Expenditure	19,000,000	24,000,000	26,000,000	7,000,000	37%
	-	-	-	-	-



Cal State L.A. University Auxiliary Services, Inc.
Detail of Lease & Commission Revenue
FY 2021/2022

Description	FY 2020/21 as of			FY 2021/22 Budget Proposal	\$ Change to FY 2021/22 Budget	% Change to FY 2021/22 Budget
	FY 2020/21 Budget	Feb 28, 2021 Actual	FY 2020/21 Forecast			
<u>Commission Income</u>						
Bookstore	250,500	459,974	\$ 477,336	\$ 568,224	\$ 317,724	127%
Starbucks	25,400	77,387	-	29,167	3,767	15%
Golden Eagle Express	1,990	3,840	-	-	(1,990)	-100%
Metro	4,300	8,560	-	5,736	1,436	33%
Café 47	30,200	54,586	-	17,617	6,000	9%
Carl's Jr	34,000	74,370	-	28,333	(5,667)	-17%
El Pollo Loco	31,000	74,631	-	26,250	(4,750)	-15%
Johnny's Kitchen	15,100	37,912	-	-	(15,100)	-100%
Kikka	0	39,231	-	-	(0)	-100%
Juice It Up	16,900	39,577	-	12,675	(4,225)	-25%
Sbarro's	32,300	62,970	-	32,300	0	0%
First Class Vending	15,200	37,117	703	11,400	(3,800)	-25%
Every Table	16,900	52,165	-	-	(26,990)	100%
Misc. Commission		245,570		142,280	142,280	100%
Total Commission Income	\$ 488,090	\$ 1,267,889	\$ 478,039	\$ 873,982	\$ 385,892	79%
<u>Lease Income</u>						
Extended Education	\$ 468,900	\$ 351,660		\$ 531,676	\$ 62,776	13%
Service Center/One Card	63,600	47,693		-	(63,600)	-100%
Pat Brown Institute	95,800	71,837		95,800	-	0%
Ballroom rental	394,759	293,907		394,759	-	0%
Room Rental - FCU	47,197	35,397		47,197	-	0%
ATM - FCU	21,382	16,323		21,382	-	0%
ATM - Bank of America	13,045	8,697		13,045	-	0%
ATM - Wells Fargo	12,895	10,591		12,895	-	0%
TVFM Building	423,178	423,186		423,178	-	0%
AT&T Cell Tower Lease	58,700	36,230		58,700	-	0%
T Mobile	58,880	32,809		58,880	-	0%
Verizon*	54,800	4,635		54,800	-	0%
Total Lease Income	\$ 1,713,136	\$ 1,332,965	\$ -	\$ 1,712,312	\$ (824)	0%