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CALIFORNIA STATE UNIVERSITY, LOS ANGELES

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MEMO

PRESIDENT'S OFFICE

DATE: July 25, 2016

FROM: Mae Santos, Treasurer Cal State LA University Auxiliary Services, Inc.
Associate VP for Administration and Finance/Financial Services *Mae Santos*

TO: William A. Covino
President

Lisa Chavez, Vice President
For Administration and Chief Financial Officer

CC: File

SUBJECT: **University Auxiliary Services (UAS) Budget for Fiscal Year 2016/17**

This is a recommendation for your approval of the enclosed budget for University Auxiliary Services (UAS) for fiscal year 2016/17. The UAS Board approved this budget at their meeting on June 2, 2016. Below is a brief summary.

The 2016/17 \$8,972,274 operating revenue budget reflects an increase of \$244,308 which is an approximate 3% increase from the 2015/16 \$8,727,966 budgeted revenues. This is mainly due to an expected increase in food and catering revenues. Total operating expenditures for 2016/17 are estimated to be \$6,517,936 which is \$280,374 higher than the 2015/16 budgeted expenses. The projected increase in salary and benefit expenses includes the additional benefit costs related to the implementation of the Affordable Care Act, and minimum wage increases as required by federal law. The increase represents the majority of the increase in total expenditures.

The projected budget provides sufficient funds for UAS to pay the 2016/17 capital lease obligations to the university. In addition, the projected contribution to retained earnings at year end is \$757,227.

Per UAS Reserve Policy, the Board of Directors reviewed fiscal viability of the organization at their meeting on June 2, 2016 during the budget approval process. No reserve funds were designated for 2016/17.

Please let me know if you have any questions regarding this budget.

Lisa Chavez 7/25/16 Approved Not Approved Let's Discuss
Lisa Chavez, VPA & CFO Date

William A. Covino 7/26/16 Approved Not Approved Let's Discuss
William A. Covino, President Date



**Cal State L.A. University Auxiliary Services, Inc.
FY 2016/17 Operating Budget Proposal**

| Description | FY 2014/15 | FY 2015/16 Budget | FY 2015/16 Projection | FY 2016/17 | \$ Change to FY 2015/16 Budget | % Change to FY 2015/16 Budget |
|--|---------------------|----------------------|--------------------------|--------------------|--------------------------------------|-------------------------------------|
| | Year-End Actuals | | | Budget Proposal | | |
| Unrestricted | | | | | | |
| REVENUE | | | | | | |
| Food & Catering Revenue | \$ 1,939,507 | \$ 2,750,000 | \$ 3,245,535 | \$ 3,300,000 | \$ 550,000 | 20% |
| Less: Cost of Goods | (589,923) | (914,000) | (1,031,181) | (1,040,000) | (126,000) | 14% |
| | 1,349,584 | 1,836,000 | 2,214,354 | 2,260,000 | 424,000 | 23% |
| Indirect Cost Revenue | 1,484,395 | 2,400,000 | 1,987,178 | 2,005,000 | (395,000) | -16% |
| C&G Admin Recovery | 87,362 | 130,000 | 151,576 | 150,000 | 20,000 | 15% |
| Commission Income | 1,050,867 | 1,461,000 | 1,481,291 | 1,523,600 | 62,600 | 4% |
| Lease Income | 1,226,045 | 1,491,627 | 1,491,680 | 1,552,900 | 61,273 | 4% |
| Interest Income | 3,346 | 6,000 | 18,328 | 18,000 | 12,000 | 200% |
| Child Care Center Revenue | 380,768 | 492,839 | 530,643 | 542,650 | 49,811 | 10% |
| Campus Program User's Fee | 124,577 | 150,000 | 149,313 | 150,000 | - | 0% |
| Other Revenue | 450,977 | 760,500 | 835,531 | 780,200 | 19,700 | 3% |
| Total Revenue | 6,157,921 | 8,727,966 | 8,859,894 | 8,982,350 | 254,384 | 3% |
| EXPENSES | | | | | | |
| Salaries and Wages | 1,428,608 | 2,112,855 | 2,340,711 | 2,497,541 | 384,686 | 18% |
| Benefits | 491,608 | 894,051 | 894,554 | 1,066,070 | 172,019 | 19% |
| Audit/Legal | 101,130 | 139,760 | 136,850 | 144,000 | 4,240 | 3% |
| Contractual Services | 500,062 | 582,380 | 581,885 | 600,775 | 18,395 | 3% |
| Supplies & Services | 393,259 | 541,200 | 608,836 | 684,550 | 143,350 | 26% |
| Utilities & Telephone | 269,664 | 354,750 | 381,325 | 363,250 | 8,500 | 2% |
| Insurance Premiums | 55,765 | 77,000 | 81,683 | 82,000 | 5,000 | 6% |
| Interest on capital lease | 975,157 | 1,225,566 | 796,579 | 728,300 | (497,266) | -41% |
| Bank Charges | 37,824 | 46,100 | 80,050 | 84,200 | 38,100 | 83% |
| Repair & Maintenance | 43,272 | 78,000 | 83,636 | 80,000 | 2,000 | 3% |
| Lease & Rental | 131,356 | 45,000 | 40,697 | 41,000 | (4,000) | -9% |
| Other Operating Expenses | 92,879 | 140,900 | 133,501 | 146,250 | 5,350 | 4% |
| Total Operating Exp. | 4,520,584 | 6,237,562 | 6,160,307 | 6,517,936 | 280,374 | 4% |
| Gross Operating Income/(Loss) | 1,637,337 | 2,490,404 | 2,699,587 | 2,464,414 | (25,990) | -1% |
| Campus Programs net, income/(expenses) | 492,664 | 50,000 | 511,226 | 50,000 | - | 0% |
| Net Operating Income/(Loss) | 2,130,001 | 2,540,404 | 3,210,813 | 2,514,414 | (25,990) | -1% |
| Non Cash Expenditures | | | | | | |
| Depreciation & Amortization | 876,813 | 1,149,061 | 1,201,307 | 1,187,111 | 38,050 | 3% |
| Reserve - Post Retirement Med | 414,000 | 552,000 | 552,000 | 560,000 | 8,000 | 1% |
| Net Income/(Loss) | 839,188 | 839,343 | 1,457,506 | 767,303 | (72,040) | -9% |
| Restricted | | | | | | |
| Contracts & Grants Revenue | 13,531,501 | 23,000,000 | 21,500,000 | 22,000,000 | (1,000,000) | -4% |
| Contracts & Grants Expenditure | 13,531,501 | 23,000,000 | 21,500,000 | 22,000,000 | (1,000,000) | -4% |
| | - | - | - | - | - | 0% |