

CALIFORNIA STATE UNIVERSITY, STANISLAUS
AUXILIARY AND BUSINESS SERVICES

**OPERATING BUDGET
FISCAL YEAR 2021-22**

CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY AND BUSINESS SERVICES
OPERATING BUDGET FISCAL YEAR 2021-22
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CALIFORNIA STATE UNIVERSITY STANISLAUS AUXILIARY AND BUSINESS SERVICES

MEMORANDUM

DATE: June 14, 2021

TO: California State University, Stanislaus Auxiliary and Business Services
Board of Directors

FROM: Dennette Dores, Auxiliary Accounting Manager

SUBJECT: Operating Budget for Fiscal Year 2021-22

Background:

Pursuant to the provisions of the *Compilation of Policies and Procedures for California State University Auxiliary Organization* Section 9.8.1, for the Educational Code Section 89904(b), the California State University, Stanislaus Auxiliary and Business Services (ABS) is required to prepare an annual operating budget. The proposed operating budget for 2021-22 includes: General and Administrative activities, the Bookstore, Campus Dining, Residential Life Village, Vended Operations, Warrior Card, Investments and Club Colors. ABS's governing Board can accomplish the requirement by reviewing and approving the annual operating budget before the start of each fiscal year. Necessary changes to the approved budgets may be made by the governing Board as the fiscal year progresses.

ABS's operating budget is based on assumptions, historical performance, and judgment of management. ABS uses sound business principles and practices to develop the budget, considering the needs and obligations of the organization.

The following is a summary by department or business operation of the financial projection for 2021-22.

General & Administrative:

The General & Administrative department projection for the current year includes a portion of the allocated expenses for accounting and auditing services. No material changes to revenue or expenses have been introduced into the General & Administrative budget for fiscal year 2021-22.

Bookstore:

Total revenue for 2021-22 is budgeted for \$270,000; in commission revenue we expect to see a larger influx of students back on campus in the Spring and an additional amount in revenue for scholarships. The bookstore is housed in the Student Center and will pay a much more manageable cost for space.

Campus Dining:

For the 2020-21 Fall Semester, our expectation is that we will not fund a full cost recovery for Chartwells as we did during COVID. We are working diligently with Chartwells to establish a partial cost recovery (based on the larger number of Faculty/Students/Staff on campus) for the Fall Semester and plan to eliminate cost recovery completely for the Spring Semester, returning to the contractual figures as stipulated in our agreement.

Residential Life Village (RLV):

Revenue and expenses both remain consistent to 2020-21 with revenues projected at \$650,000 and expenses at \$278,286. Principal payment on debt will total \$310,000 and interest payment on debt will total approximately \$24,000.

Vended Operations:

Vending operations has continued to produce a small contribution to the net assets of ABS in the past year and is expected to continue at similar levels for 2021-22. The sales from the campus have seen some improvement as expected due to changes in vending machines and vending machine characteristics.

Investments:

Current market conditions make it difficult to budget investment income. Expenses are expected to continue at similar levels for 2021-22.

Club Colors:

During the 2011-12 year, ABS entered into a commission agreement to purchase logo wear for wholesale purchase and sales (to campus organizations) from an organization identified as Club Colors. We have further arranged to have ASI, and USC participate with ABS in this endeavor. These organizations have existing infrastructure, personnel, and processes to handle actual selling and handling of goods. We will share in the commissions generated by the sales received from club colors and intend to place a markup on the items purchased for other or for local retail sales to produce a net surplus for both organizations. Additionally, we will work on expanding the availability of campus logo wear within the community, exploring options for retail outlets and other sales opportunities.

Recommendation:

Management recommends the ABS Board of Directors approve the 2021-22 operating budget.

CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY AND BUSINESS SERVICES
2021-2022 Budget Summary

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 202-2021	Proposed Annual Budget 2021-2022
Revenue				
Commission Revenue	\$ 501,500	\$ 140,076	\$ 357,617	\$ 302,337
Contributions	10,000	10,000	10,000	25,000
Lease Income	650,000	487,500	650,000	650,000
Other Operating Revenues	35,000	23,858	31,811	32,160
Royalties	-	20,000	20,000	20,000
Warrior Card Transaction Fee	-	23	31	40
Total Revenues	<u>1,196,500</u>	<u>681,457</u>	<u>1,069,458</u>	<u>1,029,537</u>
Expenses				
Accounting and Auditing Fees	299,627	228,350	300,069	299,627
Awards, Gifts and Donations	10,800	10,400	10,400	25,000
Bank Charges	300	499	665	690
Cellular usage	360	-	-	-
Contractual Services	4,000	-	-	4,000
Depreciation on Building and Improvements	156,511	121,201	161,601	164,147
Depreciation on Equipment	17,015	13,925	18,567	10,249
Depreciation on Leasehold Improvements	17,580	13,351	17,801	13,930
Direct Overhead-Chancellors Office	11,956	8,967	11,955	12,000
Health and Welfare	9,000	7,040	9,387	11,260
Hospitality	100	-	-	100
Insurance Premiums	11,465	13,689	18,252	9,688
Interest Expense & Bond Premium amortization	35,000	6,874	6,358	(19,892) <i>A</i>
Investment Service Charge	2,800	254	254	-
Legal Expenses	3,500	1,183	1,183	1,000
Membership & Dues	600	438	584	584
Other Tax and License Fees	4,460	4,460	4,460	4,450
Postage and Freight	100	3	4	5
Printing & Reproduction	500	32	43	45
Property Insurance Premiums	11,220	8,465	11,287	11,264
Repairs and Maintenance - Facilities	7,500	5,240	6,987	7,500
Space Rental	-	182,631	217,239	253,158
State Pro Rata	6,067	4,550	6,068	6,785
Supplies and Services	500	(1,549)	100	500
Telephone Usage	155	78	104	155
Training & Professional Development	-	-	-	1,500
Travel In State	-	-	-	3,000
Utilities Electric	24,000	-	-	-
Total Expenses	<u>635,116</u>	<u>630,081</u>	<u>803,368</u>	<u>820,745</u>
Non-Operating Revenue/(Expense):				
CSURMA Dividend Revenue	2,604	2,604	-	3,260
Income from Investment in Laif	-	4,942	6,590	-
Interest & Dividend Income	-	369	492	-
Unrealized Gains(Losses)	2,247	11,318	11,318	-
Total Non-Operating Revenue/(Expense)	<u>4,851</u>	<u>19,233</u>	<u>18,400</u>	<u>3,260</u>
Transfer Net Revenue after Expenses to CSUS-Warrior Card	-	-	(19,744)	(10,430)
Increase (Decrease) in Net Assets	<u>\$ 566,235</u>	<u>\$ 70,609</u>	<u>\$ 264,746</u>	<u>\$ 201,622</u>
Add: Non Cash Expenses				
Depreciation Expense - Bldg	156,511	121,201	161,601	164,147
Depreciation Expense - Equipment, F&F	17,015	13,925	18,567	10,249
Depreciation Expense - Leasehold Improvements	17,580	13,351	17,801	13,930
Total Non Cash Expenses	<u>191,106</u>	<u>148,477</u>	<u>197,969</u>	<u>188,326</u>
Less: Cash Outlay for Debt Service				
Principle Payment - Long Term Debt	(295,000)	(295,000)	(295,000)	(310,000)
Total Cash Outlay for Debt Service	<u>(295,000)</u>	<u>(295,000)</u>	<u>(295,000)</u>	<u>(310,000)</u>
Increase (Decrease) in Cash Outlay	<u>\$ 462,341</u>	<u>\$ (75,914)</u>	<u>\$ 167,715</u>	<u>\$ 79,948</u>

Footnotes

A-Includes 21,417 Interest Exp & (41,309) Premium Amortization

B-Note due to market volatility, management is not able to estimate potential market earnings or losses.

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
General & Administrative 2021-2022 Budget

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 2020-2021	Proposed Annual Budget 2021-2022
Revenue				
Other Operating Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses				
Accounting & Auditing Fees	83,896	63,945	83,999	74,907
Bank Charges	300	132	176	200
Cellular Usage	360	-	-	-
Direct Overhead-Chancellors Office	11,956	8,967	11,955	12,000
Health & Welfare	9,000	7,040	9,387	11,260
Hospitality	100	-	-	100
Insurance Premiums	2,955	2,245	2,993	2,422
Legal Expenses	-	798	798	-
Membership & Dues	600	438	584	584
Other Tax & License Fees	160	170	170	150
Postage & Freight	100	3	4	5
Printing & Reproduction	500	32	43	45
State Pro Rata Charges	6,067	4,550	6,068.00	6,785
Supplies and Services	500	-	100	500
Telephone Usage	155	78	104	155
Training & Professional Development	-	-	-	1,500
Travel	-	-	-	3,000
Total Expenses	<u>116,649</u>	<u>88,398</u>	<u>116,381</u>	<u>113,613</u>
Non-Operating Revenue/(Expense):				
CSURMA Dividend Revenue	<u>2,604</u>	<u>2,604</u>	<u>-</u>	<u>3,260</u>
Total Non-Operating Revenue/(Expense)	<u>2,604</u>	<u>2,604</u>	<u>-</u>	<u>3,260</u>
Increase (Decrease) in Net Assets	<u>\$ (114,045)</u>	<u>\$ (85,794)</u>	<u>\$ (116,381)</u>	<u>\$ (110,353)</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Bookstore 2021-2022 Budget

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 2020-2021	Proposed Annual Budget 2021-2022
Revenue				
Commission Revenue	\$ 350,000	135,263	\$ 350,000	\$ 245,000
Contributions	10,000	10,000	10,000	25,000
Total Revenues	<u>360,000</u>	<u>145,263</u>	<u>360,000</u>	<u>270,000</u>
Expenses				
Accounting & Auditing Fees	80,475	61,287	80,182	80,475
Awards, Gifts & Donations	10,800	10,400	10,400	25,000
Insurance Premiums	3,191	2,164	2,885	2,615
Legal Expenses	2,500	385	385	-
Property Insurance Premiums	3,590	2,709	3,612	-
Repairs & Maintenance - Facilities	-	462	616	-
Space Rental	-	144,107	172,307	150,154
Total Expenses	<u>100,556</u>	<u>221,514</u>	<u>270,387</u>	<u>258,244</u>
Increase (Decrease) in Net Assets	<u>\$ 259,444</u>	<u>(76,251)</u>	<u>\$ 89,613</u>	<u>\$ 11,756</u>
Add: Non Cash Expenses				
Depreciation Expense	-	-	-	-
Total Non Cash Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Cash Outlay for Capital Expenditures & Debt Service				
Principle Payment - Long Term Debt	-	-	-	-
Total Cash Outlay for Capital Expenditures & Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash Outlay	<u>\$ 259,444</u>	<u>(76,251)</u>	<u>\$ 89,613</u>	<u>\$ 11,756</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Campus Dining 2021-2022 Budget

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 2020-2021	Proposed Annual Budget 2021-2022
Revenue				
Commission Revenue	\$ 117,500	-	\$ -	\$ 29,375
Total Revenues	<u>117,500</u>	<u>-</u>	<u>-</u>	<u>29,375</u>
Expenses				
Accounting & Auditing Fees	54,358	41,471	54,612	54,358
Contractual Services	4,000	-	-	4,000
Depreciation on Equipment	17,015	13,925	18,567	10,249
Depreciation on Leasehold Improvements	17,580	13,351	17,801	13,930
Insurance Premiums	2,128	2,058	2,744	1,744
Legal Expenses	1,000	-	-	1,000
Repairs & Maintenance - Facilities	7,500	4,778	6,371	7,500
Space Rental	-	38,524	44,932	103,004
Utilities	24,000	-	-	-
Total Expenses	<u>127,581</u>	<u>114,107</u>	<u>145,027</u>	<u>195,785</u>
Increase (Decrease) in Net Assets	<u>\$ (10,081)</u>	<u>(114,107)</u>	<u>\$ (145,027)</u>	<u>\$ (166,410)</u>
Add: Non Cash Expenses				
Depreciation Expense - Equipment, F&F	17,015	13,925	18,567	10,249
Depreciation Expense - LHI	17,580	13,351	17,801	13,930
Total Non Cash Expenses	<u>34,595</u>	<u>27,276</u>	<u>36,368</u>	<u>24,179</u>
Increase (Decrease) in Cash Outlay	<u>\$ 24,514</u>	<u>(86,831)</u>	<u>\$ (108,659)</u>	<u>\$ (142,231)</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Residential Life Village 2021-2022 Budget

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 2020-2021	Proposed Annual Budget 2021-2022
Revenue				
Lease Income	\$ 650,000	\$ 487,500	\$ 650,000	\$ 650,000
Total Revenues	650,000	487,500	650,000	650,000
Expenses				
Accounting & Auditing Fees	76,405	55,250	73,095	76,405
Depreciation on Building and Improvements	156,511	121,201	161,601	164,147
Insurance Premiums	3,014	7,102	9,469	2,470
Interest Expense & Bond Premium amortization	35,000	6,874	6,358	(19,892) ^A
Property Insurance Premiums	7,630	5,756	7,675	11,264
Total Expenses	278,560	196,183	258,198	234,394
Increase (Decrease) in Net Assets	371,440	291,317	391,802	415,606
Add: Non Cash Expenses				
Depreciation Expense - Building	156,511	121,201	161,601	164,147
Total Non Cash Expenses	156,511	121,201	161,601	164,147
Less: Cash Outlay for Capital Expenditures & Debt Service				
Principle Payment - Long Term Debt	(295,000)	(295,000)	(295,000)	(310,000)
Total Cash Outlay for Capital Expenditures & Debt Service	(295,000)	(295,000)	(295,000)	(310,000)
Increase (Decrease) in Cash Outlay	\$ 232,951	117,518	\$ 258,403	\$ 269,753

Footnotes

A-Includes 21,417 Interest Exp & (41,309) Premium Amortization

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Vended Operations 2021-2022 Budget

	<u>Approved Annual Budget 2020-2021</u>	<u>Actuals as of 03/31/2021</u>	<u>Forecast 2020-2021</u>	<u>Proposed Annual Budget 2021-2022</u>
Revenue				
Commission Revenue	\$ 28,500	\$ 1,512	\$ 4,016	\$ 24,362
Other Operating Revenue	35,000	23,738	31,651	32,000
Total Revenues	<u>63,500</u>	<u>25,250</u>	<u>35,667</u>	<u>56,362</u>
Expenses				
Accounting & Auditing Fees	2,997	2,165	2,864	2,997
Insurance Premiums	118	80	107	97
Total Expenses	<u>3,115</u>	<u>2,245</u>	<u>2,971</u>	<u>3,094</u>
Increase (Decrease) in Net Assets	<u>\$ 60,385</u>	<u>23,005</u>	<u>\$ 32,696</u>	<u>\$ 53,268</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Warrior Card 2021-2022 Budget

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 2020-2021	Proposed Annual Budget 2021-2022
Revenue				
Other Operating Revenue	\$ -	\$ 120	\$ 160	\$ 160
Royalties	-	20,000	20,000	20,000
Warrior Card Transaction Fee	-	23	31	40
Total Revenues	<u>-</u>	<u>20,143</u>	<u>20,191</u>	<u>20,200</u>
Expenses				
Accounting & Auditing Fees	-	-	-	8,989
Bank Charges	-	367	489	490
Insurance Premiums	-	-	-	291
Supplies and Services	-	(1,549)	-	-
Total Expenses	<u>-</u>	<u>(1,182)</u>	<u>489</u>	<u>9,770</u>
Non-Operating Revenue/(Expense):				
Income from Investment in LAIF	-	32	43	-
Total Non-Operating Revenue/(Expense)	<u>-</u>	<u>32</u>	<u>43</u>	<u>-</u>
Transfer Net Revenue after Expenses to CSUS	-	-	(19,744)	(10,430)
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>21,357</u>	<u>\$ -</u>	<u>\$ -</u>
Add: Non Cash Expenses				
Depreciation Expense - Equipment, F&F	-	-	-	-
Total Non Cash Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash Outlay	<u>\$ -</u>	<u>21,357</u>	<u>\$ -</u>	<u>\$ -</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Investments 2021-2022 Budget

	Approved Annual Budget 2020-2021	Actuals as of 03/31/2021	Forecast 2020-2021	Proposed Annual Budget 2021-2022	
Revenue					
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	
Total Revenues	-	-	-	-	
Expenses					
Accounting & Auditing Fees	1,198	4,018	5,032	1,198	
Insurance Premiums	47	32	43	39	
Investment Service Charges	2,800	254	254	-	
Other Tax & License Fees	4,300	4,290	4,290	4,300	
Total Expenses	8,345	8,594	9,619	5,537	
Non-Operating Revenue/(Expense):					
Income from Investment in LAIF	-	4,910	6,547	-	B
Interest & Dividend Income	-	369	492	-	B
Unrealized Gains (Losses)	2,247	11,318	11,318	-	
Total Non-Operating Revenue	2,247	16,597	18,357	-	
Increase (Decrease) in Net Assets	\$ (6,098)	8,003	\$ 8,738	\$ (5,537)	

Footnotes

B-Note due to market volatility, management is not able to estimate potential market earnings or losses.

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Club Colors 2021-2022 Budget

	<u>Approved Annual Budget 2020-2021</u>	<u>Actuals as of 03/31/2021</u>	<u>Forecast 2020-2021</u>	<u>Proposed Annual Budget 2021-2022</u>
Revenue				
Commission Revenue	\$ <u>5,500</u>	\$ <u>3,301</u>	\$ <u>3,601</u>	\$ <u>3,600</u>
Total Revenues	<u>5,500</u>	<u>3,301</u>	<u>3,601</u>	<u>3,600</u>
Expenses				
Accounting & Auditing Fees	298	214	285	298
Insurance Premiums	<u>12</u>	<u>8</u>	<u>11</u>	<u>10</u>
Total Expenses	<u>310</u>	<u>222</u>	<u>296</u>	<u>308</u>
Increase (Decrease) in Net Assets	<u>\$ 5,190</u>	<u>3,079</u>	<u>\$ 3,305</u>	<u>\$ 3,292</u>