

CALIFORNIA STATE UNIVERSITY, STANISLAUS
AUXILIARY AND BUSINESS SERVICES

OPERATING BUDGET
FISCAL YEAR 2020-21

CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY AND BUSINESS SERVICES
OPERATING BUDGET FISCAL YEAR 2020-21
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CALIFORNIA STATE UNIVERSITY STANISLAUS AUXILIARY AND BUSINESS SERVICES

MEMORANDUM

DATE: June 18, 2020

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

FROM: Dennette Dores, Auxiliary Accounting Manager

SUBJECT: Operating Budget for Fiscal Year 2020-21

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 2020-21 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 2020-21.

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 2020-21.

Bookstore:

Total revenue for 2020-21 is budgeted for \$350,000 as new contract terms are in negotiations with Barnes & Noble. The bookstore is housed in the Student Center and will pay a much more manageable cost for space. Due to COVID19 the Student Center has forgiven the lease payments through December 2020.

Campus Dining:

For 2019-20 Campus Food Services received the guaranteed commission income per the terms of the contract with The Compass Group (Chartwells). In fiscal year 2020-21 the guaranteed annual minimum commission will increase to \$185,000 per the stated terms of the new seven year contract.

Residential Life Village (RLV):

Revenue and expenses both remain flat to 2019-20 with revenues projected at \$650,000 and expenses at \$278,560. Principal payment on debt will total \$295,000 and interest payment on debt will total approximately \$35,000.

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 2020-21. 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 2020-21.

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 2020-21 operating budget.

CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY AND BUSINESS SERVICES
2020-2021 Budget Summary

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Commission Revenue	\$ 569,000	\$ 415,217	\$ 554,855	\$ 501,500
Contributions	10,000	10,000	10,000	10,000
Lease Income	650,000	487,500	650,000	650,000
Other Operating Revenues	35,000	5,175	-	35,000
Royalties	-	20,060	-	-
Warrior Card Transaction Fee	-	1,169	-	-
Total Revenues	<u>1,264,000</u>	<u>939,121</u>	<u>1,214,855</u>	<u>1,196,500</u>
Expenses				
Accounting and Auditing Fees	345,327	266,948	355,930	299,627
Awards, Gifts and Donations	10,080	10,800	10,800	10,800
Bank Charges	800	2,454	3,272	300
Cellular usage	360	-	-	360
Contractual Services	50,000	(11,388)	-	4,000
Depreciation on Building and Improvements	156,511	117,383	156,511	156,511
Depreciation on Equipment	19,428	15,289	20,385	17,015
Depreciation on Leasehold Improvements	163,569	140,611	187,482	17,580
Direct Overhead-Chancellors Office	11,956	8,967	8,967	11,956
Health and Welfare	9,000	6,335	8,447	9,000
Hospitality	100	93	100	100
Insurance Premiums	14,087	16,483	21,978	11,465
Interest Expense	178,808	154,627	221,132	35,000
Investment Service Charge	2,800	2,041	2,721	2,800
Legal Expenses	10,000	2,585	2,063	3,500
Membership & Dues	500	425	567	600
Non-Cap Equipment	25,000	-	-	-
Other Expenses	-	10,000	10,000	-
Other Tax and License Fees	4,450	4,378	4,378	4,460
Postage and Freight	1,500	19	25	100
Printing & Reproduction	2,000	907	1,210	500
Property Insurance Premiums	9,807	7,356	9,808	11,220
Repairs and Maintenance - Facilities	60,000	36,538	48,718	7,500
State Pro Rata	5,920	4,435	4,435	6,067
Supplies and Services	2,300	205	168	500
Telephone Usage	155	108	155	155
Training & Professional Development	1,000	1,128	1,128	-
Travel In State	2,000	2,932	-	-
Utilities Electric	13,500	3,687	4,916	24,000
Utilities Gas	1,040	125	167	-
Utilities Sewage	250	119	159	-
Utilities Water	380	149	199	-
Total Expenses	<u>1,102,628</u>	<u>805,740</u>	<u>1,085,821</u>	<u>635,116</u>
Non-Operating Revenue/(Expense):				
CSURMA Dividend Revenue	4,350	3,664	-	2,604
Income from Investment in Laif	5,000	5,444	7,259	-
Interest & Dividend Income	39,800	32,010	42,680	-
Unrealized Gains(Losses)	1,603	(51,276)	(68,368)	2,247
Sale of Bookstore Building	3,300,000	-	-	-
Total Non-Operating Revenue/(Expense)	<u>3,350,753</u>	<u>(10,160)</u>	<u>(18,429)</u>	<u>4,851</u>
Increase (Decrease) in Net Assets	<u>\$ 3,512,125</u>	<u>\$ 123,221</u>	<u>\$ 110,604</u>	<u>\$ 566,235</u>

CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY AND BUSINESS SERVICES
2020-2021 Budget Summary

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Add: Non Cash Expenses				
Depreciation Expense - Bldg	156,511	117,383	156,511	156,511
Depreciation Expense - Equipment, F&F	19,428	15,289	20,385	17,015
Depreciation Expense - Leasehold Improvements	163,569	140,611	187,482	17,580
Total Non Cash Expenses	<u>339,508</u>	<u>273,283</u>	<u>364,378</u>	<u>191,106</u>
Less: Cash Outlay for Debt Service				
Principle Payment - Long Term Debt	<u>(390,000)</u>	<u>(410,000)</u>	<u>(410,000)</u>	<u>(295,000)</u>
Total Cash Outlay for Debt Service	<u>(390,000)</u>	<u>(410,000)</u>	<u>(410,000)</u>	<u>(295,000)</u>
Increase (Decrease) in Cash Outlay	\$ <u>3,461,633</u>	\$ <u>(13,496)</u>	\$ <u>64,982</u>	\$ <u>462,341</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
General & Administrative 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Other Operating Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses				
Accounting & Auditing Fees	96,692	72,964	97,285	83,896
Awards, Gifts & Donations	80	-	-	-
Bank Charges	800	139	185	300
Cellular Usage	360	-	-	360
Direct Overhead-Chancellors Office	11,956	8,967	8,967	11,956
Health & Welfare	9,000	6,335	8,447	9,000
Hospitality	100	93	100	100
Insurance Premiums	3,631	3,054	4,072	2,955
Membership & Dues	500	425	567	600
Other Expenses	-	10,000	10,000	-
Other Tax & License Fees	150	160	160	160
Postage & Freight	1,500	19	25	100
Printing & Reproduction	2,000	332	443	500
State Pro Rata Charges	5,920	4,435	4,435	6,067
Supplies and Services	500	126	168	500
Telephone Usage	155	108	155	155
Training & Professional Development	1,000	1,128	1,128	-
Travel	2,000	2,932	-	-
Total Expenses	<u>136,344</u>	<u>111,218</u>	<u>136,137</u>	<u>116,649</u>
Non-Operating Revenue/(Expense):				
CSURMA Dividend Revenue	<u>4,350</u>	<u>3,664</u>	<u>-</u>	<u>2,604</u>
Total Non-Operating Revenue/(Expense)	<u>4,350</u>	<u>3,664</u>	<u>-</u>	<u>2,604</u>
Increase (Decrease) in Net Assets	\$ <u>(131,994)</u>	\$ <u>(107,554)</u>	\$ <u>(136,137)</u>	\$ <u>(114,045)</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Bookstore 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Commission Revenue	\$ 350,000	235,248	\$ 313,664	\$ 350,000
Contributions	10,000	10,000	10,000	10,000
Total Revenues	<u>360,000</u>	<u>245,248</u>	<u>323,664</u>	<u>360,000</u>
Expenses				
Accounting & Auditing Fees	92,814	69,680	92,907	80,475
Awards, Gifts & Donations	10,000	10,800	10,800	10,800
Depreciation on Leasehold Improvements	127,669	124,757	166,343	-
Insurance Premiums	3,921	4,005	5,340	3,191
Interest Expense	128,808	128,808	171,132	-
Legal Expenses	8,000	-	-	2,500
Property Insurance Premiums	3,138	2,354	3,139	3,590
Repairs & Maintenance - Facilities	10,000	2,801	3,735	-
Utilities Electric	13,500	3,687	4,916	-
Utilities Gas	1,040	125	167	-
Utilities Sewage	250	119	159	-
Utilities Water	380	149	199	-
Total Expenses	<u>399,520</u>	<u>347,285</u>	<u>458,837</u>	<u>100,556</u>
Non-Operating Revenue/(Expense):				
Sale of Bookstore Building	3,300,000	-	-	-
Total Non-Operating Revenue	<u>3,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	\$ <u>3,260,480</u>	<u>(102,037)</u>	\$ <u>(135,173)</u>	\$ <u>259,444</u>
Add: Non Cash Expenses				
Depreciation Expense - LHI	127,669	124,757	166,343	-
Total Non Cash Expenses	<u>127,669</u>	<u>124,757</u>	<u>166,343</u>	<u>-</u>
Less: Cash Outlay for Capital Expenditures & Debt Service				
Principle Payment - Long Term Debt	(110,000)	(115,000)	(115,000)	-
Total Cash Outlay for Capital Expenditures & Debt Service	<u>(110,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>-</u>
Increase (Decrease) in Cash Outlay	\$ <u>3,278,149</u>	<u>(92,280)</u>	\$ <u>(83,830)</u>	\$ <u>259,444</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Campus Dining 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Commission Revenue	\$ 185,000	158,631	\$ 211,508	\$ 117,500
Total Revenues	<u>185,000</u>	<u>158,631</u>	<u>211,508</u>	<u>117,500</u>
Expenses				
Accounting & Auditing Fees	62,584	46,995	62,660	54,358
Contractual Services	50,000	(140)	-	4,000
Depreciation on Equipment	19,428	15,289	20,385	17,015
Depreciation on Leasehold Improvements	35,900	15,854	21,139	17,580
Insurance Premiums	2,614	2,453	3,271	2,128
Legal Expenses	2,000	2,585	2,063	1,000
Non-Cap Equipment	25,000	-	-	-
Repairs & Maintenance - Facilities	50,000	33,737	44,983	7,500
Supplies and Services	1,800	79	-	-
Utilities	-	-	-	24,000
Total Expenses	<u>249,326</u>	<u>116,852</u>	<u>154,501</u>	<u>127,581</u>
Increase (Decrease) in Net Assets	\$ <u>(64,326)</u>	<u>41,779</u>	\$ <u>57,007</u>	\$ <u>(10,081)</u>
Add: Non Cash Expenses				
Depreciation Expense - Equipment, F&F	19,428	15,289	20,385	17,015
Depreciation Expense - LHI	35,900	15,854	21,139	17,580
Total Non Cash Expenses	<u>55,328</u>	<u>31,143</u>	<u>41,524</u>	<u>34,595</u>
Increase (Decrease) in Cash Outlay	\$ <u>(8,998)</u>	<u>72,922</u>	\$ <u>98,531</u>	\$ <u>24,514</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Residential Life Village 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Lease Income	\$ 650,000	\$ 487,500	\$ 650,000	\$ 650,000
Total Revenues	<u>650,000</u>	<u>487,500</u>	<u>650,000</u>	<u>650,000</u>
Expenses				
Accounting & Auditing Fees	88,059	66,115	88,153	76,405
Depreciation on Building and Improvements	156,511	117,383	156,511	156,511
Insurance Premiums	3,703	6,807	9,076	3,014
Interest Expense	50,000	25,819	50,000	35,000
Property Insurance Premiums	6,669	5,002	6,669	7,630
Total Expenses	<u>304,942</u>	<u>221,126</u>	<u>310,409</u>	<u>278,560</u>
Increase (Decrease) in Net Assets	<u>345,058</u>	<u>266,374</u>	<u>339,591</u>	<u>371,440</u>
Add: Non Cash Expenses				
Depreciation Expense - Building	156,511	117,383	156,511	156,511
Total Non Cash Expenses	<u>156,511</u>	<u>117,383</u>	<u>156,511</u>	<u>156,511</u>
Less: Cash Outlay for Capital Expenditures & Debt Service				
Principle Payment - Long Term Debt	(280,000)	(295,000)	(295,000)	(295,000)
Total Cash Outlay for Capital Expenditures & Debt Service	<u>(280,000)</u>	<u>(295,000)</u>	<u>(295,000)</u>	<u>(295,000)</u>
Increase (Decrease) in Cash Outlay	<u>\$ 221,569</u>	<u>88,757</u>	<u>\$ 201,102</u>	<u>\$ 232,951</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Vended Operations 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Commission Revenue	\$ 28,500	\$ 16,046	\$ 23,395	\$ 28,500
Other Operating Revenue	35,000	-	-	35,000
Total Revenues	<u>63,500</u>	<u>16,046</u>	<u>23,395</u>	<u>63,500</u>
Expenses				
Accounting & Auditing Fees	3,454	2,592	3,456	2,997
Insurance Premiums	145	109	145	118
Total Expenses	<u>3,599</u>	<u>2,701</u>	<u>3,601</u>	<u>3,115</u>
Increase (Decrease) in Net Assets	<u>\$ 59,901</u>	<u>13,345</u>	<u>\$ 19,794</u>	<u>\$ 60,385</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Investments 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses				
Accounting & Auditing Fees	1,380	1,037	1,383	1,198
Insurance Premiums	58	44	59	47
Investment Service Charges	2,800	2,041	2,721	2,800
Other Tax & License Fees	4,300	4,218	4,218	4,300
Total Expenses	<u>8,538</u>	<u>7,340</u>	<u>8,381</u>	<u>8,345</u>
Non-Operating Revenue/(Expense):				
Income from Investment in LAIF	5,000	5,202	6,936	-
Interest & Dividend Income	39,800	32,010	42,680	-
Unrealized Gains (Losses)	1,603	(51,276)	(68,368)	2,247
Total Non-Operating Revenue	<u>46,403</u>	<u>(14,064)</u>	<u>(18,752)</u>	<u>2,247</u>
Increase (Decrease) in Net Assets	<u>\$ 37,865</u>	<u>(21,404)</u>	<u>\$ (27,133)</u>	<u>\$ (6,098)</u>

CALIFORNIA STATE UNIVERSITY STANISLAUS, AUXILIARY AND BUSINESS SERVICES
Club Colors 2020-2021 Budget

	Approved Annual Budget 2019-2020	Actuals as of 03/31/2020	Forecast 2019-2020	Proposed Annual Budget 2020-2021
Revenue				
Commission Revenue	\$ 5,500	\$ 5,292	\$ 6,288	\$ 5,500
Total Revenues	<u>5,500</u>	<u>5,292</u>	<u>6,288</u>	<u>5,500</u>
Expenses				
Accounting & Auditing Fees	344	259	345	298
Insurance Premiums	15	11	15	12
Total Expenses	<u>359</u>	<u>270</u>	<u>360</u>	<u>310</u>
Increase (Decrease) in Net Assets	\$ <u>5,141</u>	<u>5,022</u>	\$ <u>5,928</u>	\$ <u>5,190</u>