Date: October 7, 2020

To: Members of the Finance and Investment Committee

 Mr. Scott Apel

 Ms. Adriana Andrade

Dr. Wendy Reiboldt

Dr. Praveen Soni

From: Robert de Wit, Controller

Subject: Operating Statement – July 2020

Typically a negative and low volume month due to minimal campus summer activity, July results came in mixed as campus traffic was further reduced and nonexistent in the midst of the Covid-19 pandemic.

Sales came in at $476,908 and $213,449 (30.9%) below budget. All outlets remained physically closed during the month under state and local pandemic guidelines with overall business limited to internal Campus and web sales.

Gross Margin was unfavorable due to reduced volume of higher margin product sales with half of the sales being in the low margin computer space.

Operating expenses came in better than plan as reduced staffing benefitted labor expenditures with fall recruiting efforts and planned expenditures running at minimum. In addition, G&A came in below plan as donations and supply expenditures have been cut back.

July benefitted from a couple of windfalls as Credit & Revenues reported final Grad regalia commissions from Balfour which bettered last year although no commencement was held. In addition the financial markets remained volatile but saw a large upswing for the month resulting in a net investment gain of $493K. The Other Income line included a onetime non-cash Accounting adjustment of $101,464 as the Shops moved the Bookstore system from Retail Accounting to a Cost Accounting model to streamline reporting.

As a result, July realized a negative net contribution of ($212,502) compared to a budget of negative ($891,264). (See Table 1)

Capital expenditures for the month were just $7,040 in support of Oracle Point of Sale project. In addition, there was a $380,402 cash outlay to PERS for annual payment of the unfunded liability per Actuarial requirement. This did not affect the Operating Statement but is noted in the Cash Flow statement. As a result, this along with the above operating results netted a negative cash flow of ($410,432) for the month.

Tables 1 & 2 below depict the Operating Statement summary and the corresponding divisional breakdown.



Table 1



Table 2

Comparison to prior year (Table 3&4) revealed a sales improvement but slight reduction in bottom line performance skewed by low margin Computer Store sales.



Table 3



Table 4