Date: September 24, 2021

To: Members of the Finance and Investment Committee

Mr. Scott Apel

Mr. John Barcelona

Dr. Beth Lesen

Dr. Praveen Soni

From: Robert de Wit, Controller

Subject: Operating Statement – July 2021

With minimal summer activity July is typically a negative and low volume month for the Shops as planned. July results came in mixed as retail sales were off to a slow start along with hiring activity that helped mitigate operating expenses. Also most dining venues remained closed.

Sales came in at $504,149 and $154,319 (23.4%) below budget. The big swings were a shortfall of $182,447 in Computer Store estimates to campus that did not materialize while ID Card Office incurred Pass Through sales of $122,001 for system software that was budgeted for later on in the year.

Gross Margin rates were favorable since ID Card sales pertain to services and have no associated product cost. In addition, low margin computer sales did not materialize.

Operating expenses came in better than plan as staffing delays came into play resulting in a $158,006 variance in payroll/benefits. G&A came in on budget at $232,915 with staffing in place as planned. Credit & Revenues were in line with budget in reporting quarterly license royalties. Investment income also was in line with budget as the markets have settled a bit.

As a result, July had a negative net contribution of ($768,334) compared to a budget of negative ($969,155). (See Table 1)

Capital expenditures for the month minimal at $2,233 as part of the Caffeine Lab start up project. In addition to the above, there was a cash outlay of $426,370 for the annual CalPERS unfunded liability payment. In combination, this resulted in a negative cash flow of ($1,111,672) 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 slight sales improvement although cost of staffing increases in preparation for Fall hurt the bottom line.



Table 3



Table 4