

FINANCE & INVESTMENTS COMMITTEE MEETINGDate: Monday, April 21st, 2025

Time: 2:00pm – 3:00pm

Location: <https://csudh.zoom.us/j/83542889430>**MEETING MINUTES****Voting Members****Present:**

Chair Jeremy Brown, Brad Beverage, Rama Malladi, Ph.D., Jeanine Cornell

Staff Present:

Tranitra Avery, Markis Lazarre, Cherisse Ross

I. Roll Call

- This meeting was held via Zoom virtual platform. Members and guests could be heard clearly. Quorum met.

II. Call to Order

- Meeting called to order by Chair Jeremy Brown at 2:06 PM

III. Approval of Previous Meeting Minutes

- Brad Beverage moved and Rama Malladi seconded the motion. All in favor.

IV. Approval of Agenda

- Tranitra Avery moved for an amendment to the add "Approval of Agenda" to the Meeting Minutes items.

V. Public Comments

- No public comments.

VI. Finance and Accounting Review – Cherisse Ross

- Statement of Operations as of February 25th, 2025
 - i. Cherisse's presentation focused on the Statement of Operations, showing year-to-date financials (as of February 25th) which revealed lower-than-budgeted revenue, particularly in commercial services (due to film revenue shortfall). Variances were explained, highlighting market fluctuations impacting administration, lower-than-anticipated commercial enterprise revenue (linked to film), and lower-than-expected maintenance expenses (due to preventative maintenance). Aramark commission expenses were higher than budgeted. She presented preliminary March numbers showing improvement but cautioned about upcoming expenses impacting year-end projections. She emphasized difficulties in accurately reflecting accruals due to the university's accounting practices and challenges in tracking expenses from various departments and external entities. Finally, she noted a negative balance in grants and contracts due to delays in revenue collection from OSRP.

- Statement of Financial Position as of February 25th, 2025
 - i. No discussion.
- Accounts Receivable Aging Report as of April 13th, 2025
 - i. The Aging Report wasn't explicitly discussed, but the conversation heavily implied its relevance. The meeting centered on financial statements as of February 25th, revealing discrepancies and highlighting the difficulty in accurately reflecting accruals due to the university's accounting practices and challenges in tracking expenses across departments and external entities. The discussion included concerns about delayed revenue collection from OSRP (Office of Sponsored Research Programs), resulting in a negative balance in the grants and contracts section. The lack of complete information hampered accurate financial reporting and year-end projections, suggesting a need for improved communication and data visibility—impliedly highlighting the need for an updated and accurate aging report to better manage receivables and understand outstanding balances.
- Investment Portfolio Review as of March 31st, 2025
 - i. No discussion.

VII. FY 2025-2026 Operating Budget Strategy Discussion

- Brad mentions the operating budget strategy addresses a projected \$1.4 million deficit, driven largely by lower-than-budgeted revenue in commercial services—particularly from film-related income—and unreimbursed expenses associated with OSRP, an organization that does not pre-pay. Additional variances stem from market fluctuations, higher-than-expected Aramark commission expenses, and delayed revenue collection in grants and contracts, contributing to a negative balance in that area. While preliminary March numbers show slight improvement, upcoming expenses will impact year-end projections. Brad noted that Divisions 10 and 40 represent the largest deficits in the overall budget. He emphasized the importance of distinguishing between fixed and variable costs in these divisions to understand where expenses are outpacing revenue.
- Brad raised concerns about the financial sustainability of the Aramark agreement, noting that it currently yields only ~\$150,000 in revenue while incurring disproportionately high costs. He questioned whether a clear reimbursement structure is in place to justify the ongoing losses. He expressed openness to tolerating short-term deficits—such as those related to launching the dining commons—if there is a guaranteed reimbursement structure in place. Without such guarantees, however, the current financial trajectory is not justifiable. This aligned with concerns raised earlier in the meeting by Rama. Brad also stressed the need for transparency in the drivers of cost. He recommended identifying essential staffing levels and isolating high-cost variables, such as the continued provision of services previously funded by OSRP. He noted that the removal of OSRP funding has left TAP covering approximately \$100,000 annually in unreimbursed service costs. To help contextualize the deficit.

- Brad proposed that if approximately \$600,000 of the current shortfall is attributable to external funding shifts or uncontrollable factors, TAP should consider documenting that narrative and evaluating whether any of those amounts could be recorded as long-term receivables or deferred/prepaid expenses—provided repayment is contractually expected.
- The committee plans to present a simplified financial summary to the full board, while a smaller committee will analyze the details, including fixed vs. variable costs in Divisions 10 and 40. Key strategies include clarifying the Aramark agreement, revisiting the OSRP contract, enhancing visibility into grants and contracts, and improving coordination across departments to address university accrual practices. A long-term focus is developing a clear distribution policy for future dining profits, expected to materialize in 2026 after recovery of prior losses. The overarching goal is to establish a transparent narrative around the deficit and outline actionable solutions ahead of the next board meeting.

VIII. Adjournment

- The meeting was adjourned following a motion by Brad, seconded by Rama, with thanks to all attendees. Meeting end time: 3:58pm.