MONTHLY FINANCIAL UPDATE

For the period ending 5.31.2026

ABSTRACT

Monthly reports including E&G and All Funds budget updates including future year projections, Institutional Cash Flow, Key Assumptions and other relevant information regarding Southern Oregon University's current financial status.

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Statement on Institutional Contingency Planning

GENERAL INSTITUTIONAL CONTINGENCIES

If enrollment falls materially below budget, and planned cost savings are insufficient, the university will implement contingency measures to preserve cash solvency, maintain essential academic and student services, and protect long-term institutional stability.

Actions may include further restrictions and additional spending controls, hiring and travel restrictions, requesting the use of available board-restricted reserves, contract renegotiations, and other cash management measures. The university may also consider temporary furloughs, reduced schedules, additional separations, position reductions, or other personnel actions consistent with applicable law, board policy, labor agreements, and shared governance.

The university may also seek bridge funding or liquidity support through state treasury, philanthropic, grant-related, or other legally available sources. All actions will prioritize instructional continuity, student success, payroll and debt obligations, regulatory compliance, and the university's public mission.

NOTE: An updated contingency planning statement will be issued alongside the Vitality Plan upon release and adoption by the SOU Board of Trustees at its June 18, 2026 meeting. That statement will be provided in the July report for the month of June.

E&G Budget Update

All Data as of 5.31.2026

Significant changes from last reported E&G projection:

1. Revenues
    a. Net Tuition & Fees slightly down (-1.3%) compared to the April report but still greater than budgeted. The decline is in response to an updated summer projection reflecting the steep decline seen in the Spring term.
    b. Indirect Revenues are now showing 39.6% growth from prior. This growth is related to updated projection modeling for this revenue type.
    c. All Other revenues now projecting a decline compared to April. This update is principally related to a conservative projection to the land lease income provided by the CHF housing project expected during the accrual period after the fiscal year ends.
2. Expenses
    a. Estimate to complete on Salary & Wages showing slight decline (-0.09%) from April and overall, nearly $90k under the post-resiliency budget
    b. Total Fringe estimate grew by 0.10% spread across all fringe categories
    c. Total S&S expenses showing (-1.27%) reduction from March estimates
    d. Total Capital and Student Aid expense also showing nominal change
    e. Net Fund Transfers will be updated after the close of FY2026 per standard procedure; current budgeted transfers remain as the FY2026 projection.

NOTE: All forecast projections presented in this report are **pre-Vitality Plan** estimates and are subject to change upon adoption of the plan. The SOU Board of Trustees will be reviewing with option for adopting the Vitality Plan on June 18th, 2026. It is expected that the June submission, due in July, will incorporate those updates. Furthermore, the images below are supported by two worksheets from the 'E&G and ALL Funds – as of 5.31.2026 – FLAT' file which has also been submitted alongside this month's report.

Current E&G Actuals & End-of-Year Projections

	Final Prior FY	CURRENT ACTUALS & END-OF-YEAR PROJECTIONS						
	FY2025	FY2026 BUDGET	FY2026 YTD Actuals (as of 5.31.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 4.30.2026)	Current FY2026 Projection (as of 5.31.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	37,008,351	37,945,000	38,760,522	102%	38,708,017	38,290,420	(417,597)	-1.1%
Less fee remissions	(5,294,416)	(5,162,000)	(5,380,350)	104%	(5,376,850)	(5,380,350)	(3,500)	-0.1%
Net Tuition & Fees	31,713,936	32,783,000	33,380,172	102%	33,331,167	32,910,070	(421,097)	-1.3%
State operating appropriations	28,625,062	29,301,951	28,929,606	99%	28,860,962	28,860,962	-	0.0%
State debt service appropriations	179,160	179,160	-	0%	179,160	179,160	-	0.0%
Indirect cost recovery	308,132	310,000	338,031	109%	310,000	432,631	122,631	39.6%
All other	2,003,312	3,690,000	1,458,950	40%	2,458,467	2,042,926	(415,541)	-16.9%
Total revenues	**62,829,601**	**66,264,111**	**64,106,759**	**97%**	**65,139,757**	**64,425,750**	**(714,007)**	**-1.1%**
Expenses								
Salary & Wages	32,615,263	32,300,000	25,779,681	80%	32,240,615	32,210,338	(30,277)	-0.09%
Benefits: Health	7,979,990	7,483,379	6,454,836	86%	7,720,554	7,728,507	7,954	0.10%
Benefits: Retirement	8,444,131	7,918,635	6,830,269	86%	8,169,605	8,178,021	8,416	0.10%
Benefits: Other	3,248,898	3,046,712	2,627,961	86%	3,143,273	3,146,511	3,238	0.10%
Supplies & Services	14,378,648	14,313,497	14,643,154	102%	13,494,476	13,323,488	(170,988)	-1.27%
Capital Expenditures	-	12,681	12,517	99%	5,597	6,172	576	10.29%
Institutional Student Aid	77,764	-	48,580	0%	49,672	49,573	(99)	-0.20%
Net Fund Transfers	3,118,725	2,496,260	475,187	19%	2,496,000	2,496,000	-	0.00%
Total expenses	**69,863,419**	**67,571,164**	**56,872,185**	**84%**	**67,319,792**	**67,138,611**	**(181,180)**	**-0.3%**
Net Income (Loss)	**(7,033,818)**	**(1,307,053)**			**(2,180,035)**	**(2,712,861)**	**(532,826)**	**-24.44%**
Margin As a % of Revenue	-11.2%	-2.0%			-3%	-4%		
Fund Balance Information								
Beginning Fund Balance	3,471,769	(3,562,049)			(3,562,049)	(3,562,049)	-	0.0%
Additions/(Deductions)		1,500,000			8,840,778	8,840,778	-	0.0%
Ending Fund Balance	**(3,562,049)**	**(3,369,102)**			**3,098,694**	**2,565,868**	**(532,826)**	
Balance as a % of Revenue	-5.67%	-5.08%			4.76%	3.98%		-0.77%
Months of Operating Balance	(0.7)	(0.6)			0.6	0.5	(0.1)	
Additional Information								
% of Revenue that is Tuition	50.5%	49.5%	52.1%		51.2%	51.1%		-0.17%
Remission Rate	14.3%	13.6%	13.9%		13.9%	14.1%		1.16%
Wages and Benefits as % of Total:	74.8%	75.1%	73.3%		76.2%	76.4%		0.25%

E&G Forecast Update through FY2028

		FUTURE FISCAL YEAR PROJECTIONS					
	Current FY2026 Projection (as of 5.31.2026)	FY2027	$ Change from 2026	% Change from 2026	FY2028	$ Change from 2027	% Change from 2027
Revenues	-						
Gross tuition and fees	38,290,420	38,875,822	585,402	1.53%	39,657,125	781,303	2.01%
Less fee remissions	(5,380,350)	(5,470,000)	(89,650)	-1.67%	(5,430,000)	40,000	-0.73%
Net Tuition & Fees	32,910,070	33,405,822	495,752	1.51%	34,227,125	821,303	2.46%
State operating appropriations	28,860,962	30,030,427	1,169,465	4.05%	31,310,397	1,279,970	4.26%
						-	
State debt service appropriations	179,160	179,160	-	0.00%	179,160	-	0.00%
Indirect cost recovery	432,631	467,110	34,479	7.97%	504,000	36,890	7.90%
All other	2,042,926	2,079,134	36,208	1.77%	2,115,983	36,849	1.77%
Total revenues	**64,425,750**	**66,161,654**	**1,735,904**	**2.69%**	**68,336,665**	**2,175,012**	**3.29%**
Expenses							
Salary & Wages	32,210,338	32,476,940	266,601	0.83%	33,627,543	1,150,603	3.54%
Benefits: Health	7,728,507	7,658,962	(69,545)	-0.90%	7,963,859	304,897	3.98%
Benefits: Retirement	8,178,021	8,104,431	(73,590)	-0.90%	8,427,061	322,630	3.98%
Benefits: Other	3,146,511	3,118,197	(28,314)	-0.90%	3,242,330	124,133	3.98%
Supplies & Services	13,323,488	13,791,142	467,654	3.51%	14,275,000	483,858	3.51%
Capital Expenditures	6,172	92,000	85,828	1390.53%	95,000	3,000	3.26%
Institutional Student Aid	49,573	-	(49,573)	-100.00%	-	-	
Net Fund Transfers	2,496,000	2,484,320	(11,680)	-0.47%	2,580,497	96,178	3.87%
Total expenses	**67,138,611**	**67,725,991**	**587,380**	**0.87%**	**70,211,290**	**2,485,299**	**3.67%**
Net Income (Loss)	**(2,712,861)**	**(1,564,338)**	**1,148,524**	**42.34%**	**(1,874,625)**	**(310,287)**	**-19.84%**
Margin As a % of Revenue	-4%	-2%			-3%		
Fund Balance Information							
Beginning Fund Balance	(3,562,049)	2,565,868	6,127,917	172%	1,001,530	(1,564,338)	-61%
Additions/(Deductions)	8,840,778		(8,840,778)	-100%		-	
Ending Fund Balance	**2,565,868**	**1,001,530**	**(1,564,338)**	**-61%**	**(873,094)**	**(1,874,625)**	**-187%**
Balance as a % of Revenue	3.98%	1.51%		-2.47%	-1.28%		-2.79%
Months of Operating Balance	0.5	0.2	(0.3)		(0.2)	(0.3)	
Additional Information							
% of Revenue that is Tuition	51.1%	50.5%		-1.16%	50.1%		-0.80%
Remission Rate	14.1%	14.1%		0.14%	13.7%		-2.69%
Wages and Benefits as % of Total:	76.4%	75.8%		-0.68%	75.9%		0.03%

All Funds Budget Update

IMPORTANT NOTES TO THIS SECTION:

1. The ‘All Funds’ report remains a **work in progress**.
   a. As we continue to convert legacy data for ‘All Funds’, projection models are anticipated to change; current models only utilize two years of data for projections.

Noteworthy items on this report:

1. Regarding Indirect Cost Recovery; as revenue that crosses fund types, indirect cost recovery is showing a decline overall due to the nature of fund balancing across those funds.
   a. It should be noted, from an ‘All Funds’ perspective, indirect cost recoveries balance across sources and uses. The ‘charge’ happens to a grant as contra-revenue. ‘Revenue’ is then booked in E&G or other associated funds.
2. All Other revenue is showing a 1% increase compared to April’s report. This projection is relative to the growth seen overall in this category, specifically in gift and interest income.

Current All Funds Budget Update

	Final Prior FY	CURRENT ACTUALS & END-OF-YEAR PROJECTIONS						
	FY2025	FY2026 BUDGET	FY2026 YTD Actuals (as of 5.31.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 4.30.2026)	Current FY2026 Projection (as of 5.31.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	43,775,539	47,141,208	45,719,244	97%	47,057,901	47,039,064	(18,837)	0%
Less fee remissions	(5,452,611)	(5,497,200)	(5,559,450)	101%	(5,601,627)	(5,621,293)	(19,667)	0%
Net Tuition & Fees	38,322,928	41,644,008	40,159,794	96%	41,456,274	41,417,770	(38,504)	0%
State operating appropriations	30,211,442	30,737,797	30,463,351	99%	30,463,351	30,463,351	-	0%
State debt service appropriations	179,160	179,160	179,160	100%	179,160	179,160	-	0%
Indirect cost recovery	175	310,000	348,301	112%	29,158	(1,434)	(30,591)	-105%
All other	51,951,453	53,000,000	53,960,845	102%	54,879,002	55,699,469	820,467	1%
Total revenues	**120,665,158**	**125,870,965**	**125,111,452**	**99%**	**127,006,945**	**127,758,317**	**751,372**	**1%**
Expenses								
Salary & Wages	42,718,076	41,705,397	37,648,496	90%	42,752,972	42,635,251	(117,720)	0%
Benefits: Health	9,688,635	10,418,335	9,095,977	87%	9,936,685	9,948,328	11,643	0%
Benefits: Retirement	10,252,156	11,024,298	9,625,027	87%	10,514,633	10,526,954	12,320	0%
Benefits: Other	3,944,539	4,241,622	3,703,250	87%	4,045,528	4,050,268	4,740	0%
Supplies & Services	42,760,544	29,743,170	40,471,038	136%	48,285,714	48,453,265	167,551	0%
Capital Expenditures	(708,937)	252,549	53,529	21%	5,597	6,473	876	16%
Institutional Student Aid	17,881,756	64,050	17,322,822	27046%	17,683,747	17,738,057	54,310	0%
Net Fund Transfers	49,031	-	127,288	0%	127,288	127,288	-	0%
Total expenses	**126,585,800**	**97,449,421**	**118,047,428**	**121%**	**133,352,162**	**133,485,883**	**133,721**	**0%**
Net Income (Loss)	**(5,920,642)**	**28,421,544**			**(6,345,217)**	**(5,727,566)**	**617,651**	**-10%**
Margin As a % of Revenue	-4.9%	22.6%			-5%	-4%		
Fund Balance Information								
Beginning Fund Balance	84,656,483	78,735,841			78,735,841	78,735,841	-	0%
Additions/(Deductions)								
Ending Fund Balance	**78,735,841**	**107,157,385**			**72,390,624**	**73,008,275**	**617,651**	**1%**
Balance as a % of Revenue	65.25%	85.13%			57.00%	57.15%		
Months of Operating Balance	7.8	10.2			6.8	6.9		
Additional Information								
% of Revenue that is Tuition	31.8%	33.1%	32.1%		32.6%	32.4%		
Remission Rate	12.5%	11.7%	12.2%		11.9%	12.0%		
Wages and Benefits as % of Total:	52.6%	69.2%	50.9%		50.4%	50.3%		

All Funds Forecast Update through FY2028

	Current FY2026 Projection (as of 5.31.2026)	FUTURE FISCAL YEAR PROJECTIONS					
		FY2027	$ Change from 2026	% Change from 2026	FY2028	$ Change from 2027	% Change from 2027
Revenues	-						
Gross tuition and fees	47,039,064	42,990,563	(4,048,500)	-8.61%	44,402,132	1,411,569	3.28%
Less fee remissions	(5,621,293)	(5,360,000)	261,293	4.65%	(5,300,000)	60,000	-1.12%
Net Tuition & Fees	41,417,770	37,630,563	(3,787,207)	-9.14%	39,102,132	1,471,569	3.91%
State operating appropriations	30,463,351	30,030,427	(432,924)	-1.42%	31,310,397	1,279,970	4.26%
						-	
State debt service appropriations	179,160	179,160	-	0.00%	179,160	-	0.00%
Indirect cost recovery	(1,434)	(1,434)	-	0.00%	(1,000)	434	-30.24%
All other	55,699,469	57,673,690	1,974,220	3.54%	59,717,884	2,044,195	3.54%
Total revenues	**127,758,317**	**125,512,406**	**(2,245,911)**	**-1.76%**	**130,308,574**	**4,796,167**	**3.82%**
Expenses							
Salary & Wages	42,635,251	41,143,018	(1,492,234)	-3.50%	42,089,307	946,289	2.30%
Benefits: Health	9,948,328	9,600,136	(348,191)	-3.50%	9,820,940	220,803	2.30%
Benefits: Retirement	10,526,954	10,158,510	(368,443)	-3.50%	10,392,156	233,646	2.30%
Benefits: Other	4,050,268	3,908,509	(141,759)	-3.50%	3,998,404	89,896	2.30%
Supplies & Services	48,453,265	50,153,974	1,700,710	3.51%	51,914,000	1,760,026	3.51%
Capital Expenditures	6,473	92,000	85,527	1321.33%	95,000	3,000	3.26%
Institutional Student Aid	17,738,057	17,426,233	(311,824)	-1.76%	18,092,136	665,903	3.82%
Net Fund Transfers	127,288	122,833	(4,455)	-3.50%	125,658	2,825	2.30%
Total expenses	**133,485,883**	**132,605,213**	**(880,670)**	**-0.66%**	**136,527,601**	**3,922,388**	**2.96%**
Net Income (Loss)	**(5,727,566)**	**(7,092,806)**	**(1,365,241)**	**-23.84%**	**(6,219,027)**	**873,779**	**12.32%**
Margin As a % of Revenue	-4%	-6%			-5%		
Fund Balance Information							
Beginning Fund Balance	78,735,841	73,008,275	(5,727,566)	-7%	65,915,468	(7,092,806)	-10%
Additions/(Deductions)	-						
Ending Fund Balance	**73,008,275**	**65,915,468**	**(7,092,806)**	**-10%**	**59,696,441**	**(6,219,027)**	**-9%**
Balance as a % of Revenue	57.15%	52.52%		-4.63%	45.81%		-6.71%
Months of Operating Balance	6.9	6.3	(0.6)		5.5	(0.8)	
Additional Information							
% of Revenue that is Tuition	32.4%	30.0%		-7.52%	30.0%		0.09%
Remission Rate	12.0%	12.5%		4.33%	11.9%		-4.26%
Wages and Benefits as % of Total:	50.3%	48.9%		-2.86%	48.6%		-0.64%

Cashflow Projection

Forecast through June 30, 2027

Southern Oregon University continues to project a negative ending cash balance through June 30, 2027, with deficits growing larger in future fiscal years. The $15 million dollar allocation generously provided through the State of Oregon will allow SOU to navigate the needed changes to rectify the June 30 projected negative cash balance.

For fiscal year 2026, the university is being assisted by one-time funds from an Employee Retention Credit refund from the Internal Revenue Service and sale of various land parcels.

Noteworthy Changes between April and May

Overall, the ending cash balance came within 1.9% of the projected balance for May. Cash flows in were lower than anticipated from the SOU Foundation, other revenues, and grant reimbursements, however, payments on student accounts were better than projected.

Offsetting the cash inflows, the university paid out less in general disbursements. Of specific note, we are seeing smaller invoices from our dining services vendor as we continue to implement changes, such as reducing operating hours and discontinuing operations at the bagel shop.

Future Forecasting

The cashflow forecast is a continuously evolving document as the university is reconciling its cash activity each month back to the cash flow projection to gain further clarity around the uses of its money and the resources available to continue operations. For that reason, this forecast may look different than previous forecasts, and future forecasts will do the same. Areas at greatest risk for changes include enrollment for fall and future years, collective bargaining agreement compensation and benefit packages, funding, and inflation.

New Report Inclusion

The Month-to-Month Cash Flow forecast will no longer be represented by the inclusion of pictures, but rather will be provided in an Excel file, flattened to remove formulas and background data which exposes sensitive data vendor and payroll data. This file is called: 'FY2026-2029 Cash Flow Projections (as of 6.1.26) FLAT 4 HECC'.

Key Assumptions Used Within the Cashflow Forecast – No Changes from April

Enrollment Projections (as of 6.10.2026)

Key Enrollment Assumption:

Currently, the total academic year 2026-27 SCH (inclusive of summer) is projected to be **-3.2%** from the AY2025-26 year. This update will be replaced after adoption of the SOU Vitality Plan wherein a full analysis of the plan and its impact on enrollment will be modeled and reported to the Board in July.

First-year, and Overall, Student Retention Rates (as of 6.10.2026)

Key Retention Assumption:

Currently, the retention assumption (UG 80% fall-to-fall) is maintained **as modeled** until the completion of the SOU Vitality Plan wherein a full analysis of the plan and its impact on enrollment can be modeled.

Housing Occupancy Rate

Key Occupancy Assumptions:

Annual housing occupancy rates in the Cash flow model, along with rate increase projections:

Assumptions	2026	2027	2028	2029	2030
Housing rate increase	2.50%	2.50%	2.50%	2.50%	2.50%
Housing Occupancy	83%	85%	87%	90%	90%

The projected increase percentage in occupancy is an acknowledgement that maintaining a healthy fill rate is critical to meeting debt covenant obligations. Recent measures to restore on-campus housing occupancy to historical levels are underway and include updates to meal-plan requirements and analysis of housing specific remissions to address student financial stress relative to housing and dining.

Net Tuition and Other Revenue

Key Net Tuition and Other Revenue Assumptions:

The general increase seen across the analysis period for 'All Funds, All Other' is closely tied to projected increases in housing revenues. As discussed in the Occupancy Assumption section, there are active measures being finalized to restore occupancy and thus revenues seen in 'All Other'. Aggregate increase estimates trending towards **+2.8% year-over-year** and are part of the cash flow model across all other revenue accounts reported.

Savings Realized from the Board-adopted Resiliency Plan

Key Resiliency Assumptions:

The SOU Resiliency Plan had two tranches of cuts. The key assumption for FY2027 is that all remaining cuts (**totaling: $1,426,534)** will manifest in the Cash Flow as modeled.

Operating Expense Inflation Including Wages, Benefits, S&S

SALARY & WAGE PROJECTIONS

Key Salary & Wage Assumptions:

Assumptions	2026	2027	2028	2029	2030
Unclassified	1%	3%	3%	1%	1%
Classified	2.50%	4.38%	4.00%	4.00%	4.00%
Faculty (& Adjunct)	3%	3%	3%	3%	3%
Students (Regular & Grad assumed)	3.25%	3.25%	3.25%	3.25%	3.25%

FRINGE BENEFIT PROJECTIONS

Key Fringe Benefit Assumptions:

All Fringe Benefit calculations in the Cash Flow reflect the ratio of their respective category to the total of salary and wages unless an extreme and unanticipated change to healthcare premiums or retirement contributions occurs. Budgeted rates will also follow similar logic in modeling.

Given the known table of retirement rates for FY2027 (and advisory rates showing a slight decline starting 7/1/2027) coupled with plans for significant cuts, it could be assumed this is one area that is over-projecting expense slightly but within bounds for modeling confidence.

Key Vendor Payments

Key Vendor Payment Assumptions:

The following vendors are assumed to require individual modeling outside of aggregate S&S with inflation target of **3.51%** added to their baseline 2026 projected expenses for the FY2027:

1. Elior (Aladdin Food Services),
2. P-Card processing (US Bank),
3. Risepoint,
4. La Clinica,
5. Ellucian,
6. Workday,
7. Foundation sponsored projects.

The following debt service payments are also scheduled on the cash flow, but **do not** have inflation adjustments to their schedules:

1. State of Oregon (Capital bonds),
2. Oregon Dept of Energy (SELP),
3. CHF Ashland LLC (Student Housing),
4. Workday Financing (American 1st Financial)

Operating Deficit from Auxiliary Activities

Key Auxiliary Deficit Assumptions:

Auxiliary operations should target a higher degree of self-sufficiency. This takes time and deep restructuring of several areas as noted above. Currently, the university's cash flow model **assumes regular activities** occurring throughout the auxiliary enterprise as more robust plans for cost containment are still in development and will be included in the Vitality Plan.