

ASSOCIATED STUDENTS UCLA  
BOARD OF DIRECTORS  
Finance Committee  
January 20, 2017  
9:00 a.m.  
Kerckhoff Hall 152

**PRESENT:** Michaela Boster, Donna Baker, Kirk Koenig, Alexandra Latshaw,  
Lena Riess, and Bob Williams

**ABSENT:** Kevin Eagan

**GUESTS:** Doria Deen, Student Media Manager  
Tracy Hensley, KPMG  
Andrew Lewis, ASUCLA Board of Director  
Keith Pew, KPMG

**MANAGEMENT:** Roy Champawat, Student Union Director  
Sandi Gillespie, Association Affairs Manager  
Michelle Moyer, Director of Business Affairs and Compliance

**CALL TO ORDER**

Ms. Riess called the meeting to order at 9:02 a.m.

**APPROVAL OF AGENDA**

Ms. Riess called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee, January 20, 2017 Agenda. There being no objections, the motion was approved by unanimous consent.

**APPROVAL OF MINUTES**

Ms. Riess called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee November 18, 2016 Minutes. There being no objections, the motion was approved by unanimous consent.

**EXTERNAL AUDITOR RESULTS**

Ms. Hensley reviewed the required communications to the Finance Committee including auditors' responsibility under Generally Accepted Auditing Standards; Management's Judgments and Estimates; and any pertinent findings - such as potential audit adjustments, material uncertainties or disagreements with management.

Ms. Hensley explained that although all the Associated Students entities received clean reports, or unmodified opinions, the audit team did identify an ongoing concern regarding the Communications Board's financial statements.

At this point, as is standard practice during the report of audited financial statements, management left to allow the committee time to consult privately with the auditors.

### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Williams reported on the following items:

November was a challenging month financially for the Association. Food service changes led to cost overages. December will be close to plan if not slightly better. January sales trends indicate that computer sales have increased.

Textbook sales for fall quarter were poor and early numbers for winter quarter are not encouraging. Textbooks are down by 16-17% and will not make budget this fiscal year.

Management has started the budget process for FY 16-17 and there are several impacts to the budget that were not planned including:

1. UC Path, support and direct charges-\$150,000
2. FSLA (Fair Labor Standard Act)-\$130,000
3. Switch to Under Armour from adidas
4. Textbook decline

There is also the minimum wage impact of \$1.50 per hour that will start in July.

Mr. Williams explained that a lot of projects have been completed or will be complete; however, the underlying business model is still a major long term challenge especially as it relates to the ability to maintain ASUCLA's facilities and maintain them at the level and standard that the UCLA Student Union should strive for.

Mr. Williams stated that management has received an initial quote for the dining room space; however, there were some items that were not included. Mr. Williams has asked for the design team to come back with a multi-tier plan which will include an option for upgraded furniture and flooring, as well as, lighting costs. Management will present those options next month.

### **FINANCIAL STATEMENTS**

#### **Services & Enterprises November Financial Statements**

Gross income for the Association was negative by (\$702,000); which was mostly due to Bearwear and the Computer Store. Net income for the month was negative by (\$239,000).

The Store was negative by (\$527,000) in gross income and (\$171,000) in contribution. UCLA Restaurants were negative by (\$102,000) in gross income and (\$111,000) in contribution.

#### Services & Enterprises December Financial Statements

Gross income for the Association was positive by \$133,000; which was mostly due to computer sales. Net income for the month was positive by \$11,000.

The Store was positive in gross income by \$149,000 and negative (\$84,000) in contribution. UCLA Restaurants were negative by (\$45,000) in gross income and (\$14,000) in contribution.

The Services Division was positive to plan by \$59,000 in gross income and \$28,000 in contribution. The positive results were mainly due to Domestic Licensing.

The Student Union was negative by (\$30,000) in gross income and (\$13,000) in contribution due to the timing of events that were budgeted in a prior period.

The Association reported a cash book balance of \$9,649,000 for the month. Of this balance, \$1,688,000 has been reserved for capital projects, leaving \$7,396,000 in uncommitted cash which is (\$5,512,000) less than the board-required cash reserve.

Past due accounts receivables were at roughly \$157,000 or 4%. Store inventories at cost were \$7,000,000; while inventory turns were at 4.3.

#### January Month-to-Date Preliminary Sales

January sales figures in the Store are positive to plan by \$358,770. Most of the positive sales are in the Computer Store. LuValle's new and used textbooks are positive to plan by \$82,668 and the Health Science Store is positive to plan by \$74,347 due to dental kits. Estimated Gross Margin for January is positive by \$60,888.

Food Service is negative to budget in sales for January by (\$29,043). Catering is negative to plan by (\$15,580) due to a very aggressive budget and Concessions are positive to plan by \$15,945 due to increased attendance at the basketball games.

#### Communications Board Financial Statements

In lieu of saving time, Mr. Williams decided to forego discussing the Communications Board financial statements and instead gave a brief summary stating that they are \$45,000 positive to plan and have returned the \$142,000 class action settlement.

### **STUDENT MEDIA DEFERMENT**

The Committee discussed Student Media's current cash flow and determined that there will be several insurances throughout the year where Student Media's administrative payments will need continued deferment.

Ms. Riess made a motion, seconded by Ms. Boster that the Associated Students UCLA Board of Directors' Finance Committee approve and forward to the Board of Directors a deferment of Student Media's administrative and support services payments for a maximum of \$250,000 until April 30, 2017. Ms. Riess called for a vote. The motion was approved by a vote of 4 years and no nays.

Ms. Deen stated that the Communications Board is planning to pay back their loan of \$200,000 in full to the Association once they receive past summer student fee income that is due to them.

### **APPROVAL OF FY 15-16 AUDITED FINANCIAL STATEMENTS**

Mr. Koenig made a motion, seconded by Ms. Bolster to approve and forward to the ASUCLA Board of Directors the approval of the FY 15-16 Audited Financial Statements for Services and Enterprises, Communications Board, Graduate Student Association, and Undergraduate Student Association. Ms. Riess called for a vote. The motion was approved by a vote of 4 years and 0 nays.

### **EXECUTIVE SESSION**

Ms. Riess called for consent for the Associated Students UCLA Board of Directors' Finance Committee to enter into Executive Session. There being no objections, the motion was approved by unanimous consent.

The Committee entered into Executive Session at 10:48 a.m.

Ms. Riess called for consent to exit the Associated Students UCLA Board of Directors' Finance Committee Executive Session. There being no objections, the motion was approved by unanimous consent.

The Committee exited Executive Session at 10:56 a.m.

Mr. Koenig made a motion, seconded by Ms. Riess that the Associated Students UCLA Board of Directors Finance Committee approve all actions taken in Executive Session. Ms. Riess called for a vote. The motion was approved by a vote of 4 years and 0 nays.

### **ADJOURNMENT**

Ms. Riess called for consent for the Associated Students UCLA Board of Directors' Finance Committee to adjourn the January 20, 2017 Meeting. There being no objections, the meeting was adjourned at 10:57 a.m.