

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS
Finance Committee
February 16, 2018
9:00 a.m.
Kerckhoff Hall 152**

PRESENT: Pouria Abbassi, Donna Baker, Navi Sidhu, and Jesse Torres

LATE: Andrew Lewis

ABSENT: Kevin Eagan and Alexandra Latshaw

MANAGEMENT: Cindy Bolton, Food Service Director
Roy Champawat, Student Union Director
Sandi Gillespie, Association Affairs Manager
Patrick Healey, UCLA Store Director-General Merchandise

Due to a lack of quorum Mr. Abbassi gave an informal Executive Director's Report.

CALL TO ORDER

Mr. Sidhu called the meeting to order at 9:23 a.m.

APPROVAL OF AGENDA

Mr. Sidhu called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee, February 16, 2018 Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Mr. Sidhu called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee January 19, 2018 Minutes. There being no objections, the motion was approved by unanimous consent.

FINANCIAL STATEMENTS

Student-Run Enterprises January 2018 Preliminary Financial Statement
Gross income for the Association was negative to plan by (\$316,000); and net income for the month was positive by \$62,000 due to good cost control.

The Store was negative in gross income by (\$181,000) and (\$71,000) in contribution due mainly to BearWear and Campus Portrait Studio. Mr. Healey explained that the registrar's office email to graduating student regarding portraits was not sent out correctly, therefore there were less portraits scheduled in January. However, sales should rebound in February.

UCLA Restaurants were negative by (\$65,000) in gross income due to sluggish concession sales because of low attendance at basketball games and the delayed opening of Veggie Grill and Blaze Pizza. The Restaurants were also negative in contribution by (\$12,000).

The Services Division was negative to plan by (\$82,000) in gross income and negative (\$55,000) in contribution due to Domestic and International Licensing as well as Leased Operations.

The Student Union was positive by \$12,000 in gross income and \$8,000 in contribution due to positive controllables.

February 2018 Preliminary Sales

February sales figures in the Store are negative to plan by (\$26,712). Most of the negative sales are from BearWear. The Computer Store had a positive month with \$9,552 in sales. The Health Science Store is positive to plan by \$38,431 due to dental kit sales. The Hilltop Shop is positive to plan by \$7,112 and MTW is negative to plan by (\$4,747). Estimated Gross Margin for February is negative by (\$24,918).

Food Service sales are negative to budget by (\$102,449). Catering is negative to plan by (13,631) and Concessions are positive by \$10,187. Court of Science Student Center is (\$31,817) negative to plan due to the delay in opening Blaze Pizza and Veggie Grill is also negative to plan by (\$60,475) also due to their delayed openings.

Communications Board Financial Statements

December Financial Statements show that the Communications Board is negative to plan by (\$17,330) for the month and positive by \$64,645 for the year.

Kiosk Advertising is higher than plan due to more local advertising and Editorial Wages are higher than plan because the Daily Bruin worked more days.

APPROVAL OF FY 18-19 TENTATIVE BUDGET ASSUMPTIONS

Mr. Abbassi briefly listed the key tentative assumptions for the committee which included:

- Minimum Wage Increase
- Wages of Non-exempt Employees Increase
- Due to CPI the Student Union Fee will Increase from \$63 to \$66

- Health and Insurance Premium Increases

Mr. Lewis made a motion, seconded by Mr. Torres that the Associated Students UCLA Board of Directors' Finance Committee approve and recommend to the Board of Directors the FY 18-19 Tentative Budget Assumptions. Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

ACKERMAN UNION FIRST FLOOR RESTROOMS

Mr. Champawat explained that this project was included in the approved capital budget for the current fiscal year. The project includes plumbing (removal and replacing fixtures to match what is on A-level in the all-gender restroom), patch and wall prep, removal and re-install of partitions, mirrors, changing station, new access panels in the wall, paint walls and ceiling, tile, flooring, and replacement of accessories.

The project in the current fiscal year budget was approved at \$150,000. However the most recent quote for the completion of this project from UCLA Facilities is \$175,422 including a \$15,000 contingency.

Mr. Sidhu made a motion, seconded by Mr. Torres that the Associated Students UCLA Board of Directors' Finance Committee approve and recommend to the Board of Directors a \$175,422 capital expenditure to renovate the Ackerman Union first floor men's and women's restrooms. Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

E6 CAFÉ PROPOSAL

In November 2017, the administration of Engineering asked ASUCLA to operate a café in the new Engineering VI Building. Management met with the engineering project team to discuss their request for service and visited the space as it is currently designed. While some of the basic infrastructure and millwork was provided with the original project, ASUCLA will need to retrofit and supplement the location with additional plumbing, electrical work, and provide all operational café equipment.

Based on preliminary estimates the project will require approximately \$150,000 of capital investment by ASUCLA. This estimate includes kitchen equipment, registers, small wares, additional plumbing, and electrical work necessary not included in the original scope. Management projects that direct contribution from this operation alone will be about \$16,000 a year. However, after considering various cannibalization models from other ASUCLA operations and taking advantage of the opportunity to shift costs from other operations, the net contribution to the Association will range between \$25,000 to (\$7300).

Mr. Sidhu made a motion, seconded by Mr. Torres that the Associated Students UCLA Board of Directors' Finance Committee approve and recommend to the Board of Directors a capital expenditure of \$150,000 to build and operate a café in the new Engineering 6 Building. Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

UNDER ARMOUR ANALYSIS

Mr. Healey presented an analysis of Under Armour sales August through January 2018 compared to adidas sales August through January 2017. While Under Armour units sold are lower than adidas, sales are higher due to a higher price point.

DRAFT AUDIT-LUVALLE RESTAURANTS

Ms. Bolton explained that based on the results of the work performed within the scope of the audit, LuValle Restaurant Division has established adequate internal controls and business practices to help ensure that ASUCLA's business objectives are met. The audit identified the following areas where internal controls could be further strengthened:

- Significant daily cash register overages and shortage should be researched.
- Management should ensure that physical inventory count records are properly entered into the month-end analysis report.
- Manual Kronos edits should be properly documented to adequately support adjustments to an employee's time.

ADJOURNMENT

Mr. Sidhu called for consent for the Associated Students UCLA Board of Directors' Finance Committee to adjourn the February 16, 2018 Meeting. There being no objections, the meeting was adjourned at 10:20 a.m.