

**ASSOCIATED STUDENTS UCLA  
BOARD OF DIRECTORS  
Finance Committee  
February 15, 2019  
9:00 a.m.  
Ackerman Union 2408**

**PRESENT:** Pouria Abbassi, Paul Abramson, Donna Baker, Navi Sidhu, and Frank Wada

**ABSENT:** Erika Bricky

**LATE:** Lawrence Traylor Jr.

**MANAGEMENT:** Sandi Gillespie, Association Affairs & External Affairs Manager  
Kamran Mehdian, Director of Information Services  
Michelle Moyer, Director of Business Affairs and Compliance

**CALL TO ORDER**

Mr. Sidhu called the meeting to order at 9:06 a.m.

**APPROVAL OF AGENDA**

Mr. Sidhu called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee February 15, 2019, 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 18, 2019, Minutes. There being no objections, the motion was approved by unanimous consent.

**EXECUTIVE DIRECTOR'S REPORT**

**Café Synapse Outreach**

The new menu items were introduced, and postcards with a coupon were delivered to UCPD, Transportation Services, and surrounding buildings. Based on preliminary numbers there was an increase in the total customer count.

### ASUCLA Open House

The event was held on February 7 and was designed to market and present the Catering Department, Events Department, and Bruin Custom Print. The event was very successful and well received.

### Upcoming Presentations

Mr. Abbassi will be presenting to the Deans' Council meeting to re-educate and re-inform the Deans about ASUCLA's services. ASUCLA will also participate in a staff assembly learn at lunch which will also promote ASUCLA's services.

## **FINANCIAL STATEMENTS**

### January Financial Statements

Gross income at \$5.6M (compared to \$5.4M in December) was \$200K better than last year and (\$80K) below plan. Gross margin at \$2.7M was \$270K better than last year and at plan. Contribution at \$817K was \$90K better than last year and \$20K ahead of plan driven by Licensing & Services performance. Better than plan performance of other income at \$70K ahead of budget and \$60K better than last year helped with the month end of (\$28K), which was \$144K better than budget and at last year in terms of net income. The better than plan results helped close the gap of performance compared to budget by \$150K in year-to-end results.

Please note that while gross income through the first half of the year was (\$1.7M) below plan, the bottom line net income was only (\$60K) below from plan. The significantly better than plan performance in terms of expense controls, Licensing & Services and Other Income categories have close to fully mitigated for the Store sales decline driven by team performance and declines in the restaurant customer count.

The strong performance of the Textbook Rental Program mitigated the drop in financial returns from the new text category. Graduation Etc. was below plan due to timing and is expected to more than recover through spring given the demand for the new sashes with the Centennial design.

Customer count in the restaurants were negatively impacted due to inclement weather, and while the average check is higher than budget & last year, the restaurant operation needs to further the efforts to increase customer traffic. Marketing efforts effectuated in February for Café Synapse and the implementation of the recommendations by the food consultant are expected to improve the performance output in this area. The Catering Open House was well received, and we expect additional catering opportunities to arise, especially with the planning of the centennial events.

International Licensing and revenues from the Wescom deal continue to result in significantly better returns cumulatively ahead of budget and ahead of last year. This trend is expected to continue for the next reporting period.

Better than anticipated results in Other Income has helped mitigate the contribution gap and reduced the Net Income deviation from plan.

The Association reported a cash book balance of \$19.4M for the month. Of this balance, \$912K has been reserved for capital projects, leaving \$17.3M in uncommitted cash which is \$1.1 higher than the board-required cash reserve.

Past due accounts receivables were at roughly 3% or \$130K. Store inventories at cost were \$6.5M; while inventory turns were at 4.24.

#### February Preliminary Results

The Store is \$5K better than plan with strong computer and Graduation Etc. sales. The Restaurants are negative to plan by (\$190K) due to Concessions, North Campus, and the Greenhouse.

#### December 2018, Communications Board Financial Statements

Student Media had a strong month with \$9K positive to plan and \$97K positive to plan year-to-date. Accounts Receivables are also very strong.

### **APPROVAL OF FY 19-20 TENTATIVE BUDGET ASSUMPTIONS**

Mr. Abbassi highlighted the following items in the tentative budget assumptions:

1. Wages for Represented Employees  
The agreement has not been signed with the University; therefore, the anticipated increases will remain in the budget.
2. Academic Materials Sales Trends  
The constant evolution of academic materials delivery will continue to exert downward pressure on revenue. Changes in the content distribution and formatting will continue to impact top lines sales negatively. Rental programs should continue to increase as the program expands, which should offset some top line sales. Changes at UCLA Extension will continue to impact sales negatively.
3. Computer Store  
Physical store refresh will refocus on key brands and emphasize services which should result in increased growth.

4. Computer Store Outreach

Updated marketing campaign to engage admitted students, including messaging through the Registrar's communications and their parents to grow summer sales. Expansion of marketing efforts to the UCLA Health Community.

5. BearWear

Merchandise assortment related to the UCLA Centennial Celebration will provide additional sales through May 2020.

6. E-commerce

New robust automated email programs will provide a greater level of targeted engagement. Introduction of in-store pickup for general merchandise will improve shopping convenience for customers and result in greater sales.

Mr. Sidhu asked why there is an assumption expecting an increase in sales for football concessions and BearWear. Mr. Abramson stated that there will be one less game this year and there will not be a home game against USC. Given those factors, he feels the sales should stay flat. Mr. Abramson also stated that the performance of the sports team is out of ASUCLA's control and they should pull the athletic sales out of the assumptions. Mr. Abbassi stated that he will further discuss the impact of the athletic performance with Mr. Healey and the store team.

7. UCLA Centennial Campaign

Depending on the timing and frequency of on-campus events, additional foot traffic should prove beneficial. The Centennial Committee has asked for pop-up stores at specific events and should bring in additional revenue.

8. Northern Campus Food

New menu enhancements at both North Campus and LuValle should increase sales. There will be an event in March to introduce the new menu items. There will be a new soft serve ice cream introduced at Northern Lights and the construction in the area should be complete by 2020.

9. Technology

Expanded efficiencies and cost-saving opportunities through new technologies including self-serve ordering and cashier kiosks, online ordering program, and catering management software system.

Mr. Sidhu inquired if VOIP was included in the assumptions. Mr. Mehdiian explained that the project would be considered a capital expenditure; however, management will be pursuing the University to cover the cost.

10. Quality Assurance

General increases in sales volume expected throughout the division due to comprehensive operational and facility improvements from oversight of Quality Assurance Director.

11. Collaboration with Catering

A creation of a Multi-tier venue and catering packages for off-campus clients, e.g., wedding packages. Establish parameter for usage of outlying unit dining areas during down times.

12. Event Services Website & Portal

Implementation of virtual event and meeting room availability and reservations.

13. Leased Operations

Continue to review all available leased space and explore opportunities that will enhance lease-related revenue.

14. Global Licensing

Expand UCLA's global presence and take advantage of the collegiate trend. Areas of expansion will be Russia, Middle East, India, China, Japan, Europe, and Latin America.

15. Domestic Licensing

The launch of e-commerce Fan Page on Amazon.

16. Visual/Brand Identity and Marketing

Maximize collection merchandizing, e.g., vintage collections and centennial collection as well as continuing to attend tradeshow. Marketing pop-up stores and trunk shows.

Mr. Traylor asked if there could be quarterly updates on the domestic versus international licensing figures.

17. Administrative and Support Services

Cost recovery for third-party pass-through costs, e.g., external audits, internal audits, and insurance claims.

18. Payroll Processing

Continue to request cost reductions regarding UCPath; however, the precise amount of the fee is not known, but the estimates will be assumed in the budget.

19. Food Service POS

The Food Service POS will be removed from the budget assumptions so the focus can be placed on the Store POS to include CalFresh.

20. HVAC Systems Upgrade

The HVAC control systems are out-of-date and will need to be modernized; this will also present opportunities to garner control efficiencies.

21. Energy and Water Efficiency

Continue to identify and implement new efficiency projects, working with local agencies for rebates, and application to grant-making bodies, to extend the impact and capability to effect change.

Mr. Sidhu made a motion, seconded by Mr. Abramson that the ASUCLA Finance Committee approves and recommends to the ASUCLA Board of Directors the approval of the FY 19-20 Tentative Budget Assumptions taking into consideration the topic discussed today. Mr. Sidhu called for a vote. The motion was approved by a vote of 4 yeas and 0 nays.

### **DATA SECURITY AUDIT**

Mr. Mehdian shared a preliminary audit report on data security. The audit was a result of the FACTA issue that occurred a few years ago and funds were available to audit the data security system. The preliminary results show that the Association is fairly compliant; however, the full report will not be available until after management responds to the preliminary findings. Mr. Mehdian will report on the final audit once it is complete.

### **ADJOURNMENT**

Mr. Sidhu called for consent for the Associated Students UCLA Board of Directors' Finance Committee to adjourn the February 15, 2019, Meeting. There being no objections, the meeting was adjourned at 10:40 a.m.