

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS
Finance Committee
May 17, 2019
9:00 a.m.
Ackerman Union 2412**

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

ABSENT: Lawrence Traylor, Jr.

MANAGEMENT: Cindy Bolton, Food Service Director
Sandi Gillespie, Association Affairs & External Affairs Manager
Patrick Healey, UCLA Store Director

CALL TO ORDER

Mr. Sidhu called the meeting to order at 9:08 a.m.

APPROVAL OF AGENDA

Mr. Sidhu called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee May 17, 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 April 19, 2019, Minutes. There being no objections, the motion was approved by unanimous consent.

EXECUTIVE DIRECTOR'S REPORT

Mr. Abbassi reported on the following items:

Anderson Café

Plans for the café renovation in the Anderson School are moving forward. In the interim, there is a limited coffee and grab & go packaged lunch service since Il Tramezzino vacated in April. Negotiations with a branded coffee vendor for this location has been finalized.

Terasaki Coffee Cart

ASUCLA met with the Life Sciences Assistant Dean to discuss discontinuing operation

of the Terasaki Cart. After meeting and explaining the mobile cart code requirements and the low customer traffic, they agreed to end operations on June 14.

KMPG – USAC

KPMG stated in the USA audit in January that the accounting for USA's endowment with UCLA Foundation was not accurate, but was corrected and properly stated in the financials. Management has now completed a new process for reporting these funds.

FINANCIAL STATEMENTS

April 2019 Financial Results

Gross income at \$6.3M (compared to March at \$5.7M) was (\$230K) below plan and (\$34K) below last year. Gross Margin at \$3.2M was \$100K better than last year and (\$140K) below plan. Contribution at \$1.1M was (\$144K) below plan and (\$35K) below last year. Combination of better than plan allocated expense performance and significantly higher than plan in other income categories resulted in net returns of \$373K (compared to a loss of \$124K in March) which was \$73K better than last year and \$36K better than plan.

It is important to note that while YTD Gross Income is (\$1.8M) negative to plan (mainly due to the first six months sales decline in retail and weaker foodservice operation), expense control, Licensing, Services, and other income categories have not only allowed for mitigation of unanticipated facilities expenses but have brought the plan deviation below \$50K or just ~0.2% of the budget.

Bearwear, E-commerce, Academic CRS, Used Text, and the continued backfill of dental kits were solid for the month. Graduation Etc. and the Portrait Studio posted below plan mainly due to timing and miscommunication of photography deadlines with Daily Bruin. The latter will be addressed with Daily Bruin to ensure clear communication of expectations and improvements on business terms for next year.

Restaurant sales have tracked better than last year, but the increase in the cost of operations, including wages and benefits, has outpaced the sales increase and reduced contribution to plan. The decline in customer counts on an YTD basis has hurt financial performance. Utilization of several survey results and better marketing of the variety of offerings will continue to be top priorities. Several initiatives have been or are in the process of being effectuated to increase contributions. Café Synapse customer count decline rate has continued to be stabilized from -22% in January to 2% by May.

While concessions has had a difficult year, mainly due to a weak basketball season, April posted strong sales results and ASUCLA expects a strong May in terms of catering.

Domestic Licensing revenue has been below target, but International Licensing continues to post strong results. It is expected that promotional royalties will pick up with centennial-related products. Revenues from the Wescom deal continue to deliver

positive inflow for the organization.

Better than anticipated results in Other Income (exp.) categories including higher interest income and the LADWP rebate continue to help mitigate the below plan contribution performance of other areas, and the additional facilities repair and painting costs.

The Association reported a cashbook balance of \$16.2M. The required cash reserve is \$5M compared, leaving an \$11.2M surplus.

Past due accounts receivables were roughly \$97K or 2%. Store inventories at cost were consistent at \$5.5M; while inventory turns were 4.3.

STUDENT-RUN ENTERPRISES FY 19-20 BUDGET & FIVE-YEAR FORECAST

Mr. Abbassi provided the committee with Non-Income/Core Mission Service and Support document that lists how the association supports students and student-related actions that are essential in fulfilling the association's responsibility and are fully or partially subsidized through business operations.

Mr. Sidhu made a motion, seconded by Ms. Bricky that the Associated Students Board of Directors Finance Committee approve and forward to the Board of Directors the Student-Run Enterprises FY19-20 Budget and Five-Year Forecast. Mr. Sidhu called for a vote. The motion was approved by a vote of 4 yeas and no nays.

COMMUNICATIONS BOARD FY 19-20 BUDGET & FIVE-YEAR FORECAST

The committee discussed the budget at length with Ms. Deen, the Communications Board budget. Ms. Deen stated that print decline was originally forecasted to drop 20%; however, the communications board agreed to lower the decline to 13%. The committee agreed that the budget for FY 19-20 was fiscally sound.

Mr. Sidhu made a motion, seconded by Ms. Bricky that the Associated Students Board of Directors Finance Committee approve and forward to the Board of Directors the FY 19-20 Communications Board Budget and Five-Year Forecast. Mr. Sidhu called for a vote. The motion was approved by a vote of 4 yeas and no nays.

ANDERSON CAFÉ CAPITAL EXPENDITURE

Mr. Sidhu made a motion, seconded by Ms. Bricky that the Associated Students UCLA Board of Directors Finance Committee approve and forward to the Board of Directors a \$300,000 capital expenditure to renovate the Anderson Café. Mr. Sidhu called for a vote. The motion was approved by a vote of 4 yeas and 0 nays.

ADJOURNMENT

Mr. Sidhu called for consent for the Associated Students UCLA Board of Directors' Finance Committee to adjourn the May 17, 2019, Meeting. There being no objections, the meeting was adjourned at 10:23 a.m.