

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Finance Committee

September 19, 2014

9:00 a.m.

Kerckhoff Hall 152

PRESENT: Mike Anderson, Carly Calbreath, Rich Delia, CJ Gabbe, and Bob Williams

LATE: Agnes Warren

MANAGEMENT: Donna Baker, Financial Planning and Treasury Director
Cindy Bolton, Food Service Director
Sandi Gillespie, Association Affairs Manager

GUESTS: Arvli Ward, Student Media Director
Jesse Coronado, Administrative Representative, Communications Board
Justin Kumar, Graduate Representative, Communications Board
Jango Sircus, PricewaterhouseCoopers LLP
Jill Tregillis-Bacon, PricewaterhouseCoopers LLP

CALL TO ORDER

Mr. Gabbe called the meeting to order at 9:00 a.m.

APPROVAL OF AGENDA

Mr. Gabbe called for consent to approve the Associated Students UCLA Board of Director's Finance Committee, September 19, 2014 Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Mr. Gabbe called for consent to approve the Associated Students UCLA Board of Directors Finance Committee August 14, 2014 Minutes. There being no objections, the motion was approved by unanimous consent.

EXTERNAL AUDITOR'S AUDIT PLAN REVIEW

Mr. Sircus and Ms. Tregillis-Bacon from PricewaterhouseCoopers briefly reviewed the audit plan for the fiscal year ending July 31, 2014 including audit objectives, a summary of management responsibilities, mutual needs and expectations, as well as audit timeline, reports and services. They also discussed audit methodology, including a short discussion of areas of emphasis, the PricewaterhouseCoopers top-down risk-based audit approach and methods of assessing the risk of fraud.

Ms. Tregillis-Bacon reported that fieldwork for this audit would begin on October 1, 2014 and would be concluded before the winter campus closure, with final reports to be reviewed by the Finance Committee at its January meeting.

EXECUTIVE DIRECTOR'S REPORT

Mr. Williams updated the committee on the following:

1. August financials are better than plan by \$58,000 in terms of net income. The Computer Store had a positive variance mostly due to its online sales. Course readers were also better than plan and the Health Science Store was way ahead of plan but there is a timing issue with both. Food Service is off to a slow start due to construction, cost problems, and several new facilities that are not open.

September sales are positive for the Store with the first home football having \$80,000 in sales at the Rose Bowl. Food service is still struggling.

2. Food Service Initiatives
 - a. The new LuValle menu is now in place and everything should be completed by the start of school.
 - b. Kikka is having some construction delays. Tsunami will remain open until the new operation is fully operational.
 - c. The coffeehouse is moving forward, the ice cream has been removed and the counters are ready for the new coffee equipment. The new coffee and pastries have been introduced with positive feedback.
 - d. There are new delays with the Music Café; however, it is still expected to be open by the start of school.
 - e. The yogurt and candy concept is moving forward. Ms. Bolton will go into detail later in the agenda.
 - f. The loading dock tunnel is now complete and the patio will now be rebuilt. It most likely will not be complete by the start of school.
3. Space discussions are ongoing with SAC, Student Affairs, ASUCLA, and Admissions.

FINANCE DIRECTOR'S REPORT

Communications Board July 2014 Financial Statements

Mr. Delia explained that in terms of cash, Student Media reported a book balance of \$128,000 at the end of July. Past due/receivables are better than last month and should be back to normal by September-October. Due to the enrollment increase, Student Media has an additional \$12,000 in undergraduate student fees.

Services & Enterprises August 2014 Financial Statements

Mr. Delia reported that income for the month was positive to plan by \$58,000. Gross income for the Association as a whole was \$271,000 better than planned primarily due to a \$327,000 positive variance in the Store. The Store had a \$75,000 positive contribution variance mostly due to online computer sales.

Negative variances appeared in the Restaurants Division, where gross income was \$56,000 less than planned. Concessions were negative to plan due to a few canceled events as a result of the flood. A-level food operations continue to struggle.

Allocated expenses were \$22,000 better than planned due to an \$8,000 positive variance in utilities and \$9,000 in depreciation.

In terms of cash, the Association reported a book balance of \$11,535,000 for the month. Of this balance, \$3,158,000 has been reserved for capital projects, leaving \$7,023,000 in uncommitted cash which is \$1,435,000 less than the \$8,458,000 board-required cash reserve.

In August, past due accounts receivable were at roughly \$100,000 or 3% of total accounts. Store inventories at cost in August were \$5,300,000; while inventory turns were at 4.5, which is higher than the same period in the prior year.

September Month-to-Date Preliminary Sales

Current month-to-date sales are positive \$460,448 to plan primarily due to the Computer Store which is \$238,397 positive to plan. BearWear is also positive to plan by \$63,345. The LuValle Store is positive to plan by \$66,428 which could be a timing issue with textbooks. The Health Science Store is positive to plan by \$42,779; however, this could be a timing issue with dental kits.

Due to these results, management is expecting the gross margin to be approximately \$98,408 positive to plan.

The UCLA Restaurants are currently \$59,124 negative to plan due to the A-level operations and catering. Construction is a large factor in the food service variances.

UCLA Audit Report-Student Union-Event Services and Postal Service

Mr. Delia briefly reviewed both the auditor recommendations and management responses for recent audits of the Student Union-Event Services and Postal Service.

COMMUNICATIONS BOARD & SERVICES AND ENTERPRISES DISCUSSION

Members of the Communication Board were present to discuss their current financial situation and non-compliance with the Advance Agreement. Mr. Ward presented the Student Media contract with a Friesens which will produce the Bruin Life yearbook and free student media from the cost of printing and providing marketing support.

The contract with MarpaSoft is still not signed and again is in legal review by both parties.

RX CANDY AND YOGURT

Ms. Bolton provided the committee with an analysis of the Kerckhoff Coffeehouse expansion and the new yogurt concept in the RX Candy location (which will be named SweetSpot). The combined project total indicates a positive contribution variance of \$42,472 for FY 14-15 with a projected payback of 2.09 years.

EXECUTIVE SESSION

Mr. Gabbe 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 10:50 a.m.

Mr. Gabbe 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 11:03 a.m.

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

ADJOURNMENT

Mr. Gabbe called for consent for the Associated Students UCLA Board of Directors Finance Committee to adjourn the September 19, 2014 Meeting. There being no objections, the meeting was adjourned at 11:03 a.m.