

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Finance Committee

January 22, 2016

9:00 a.m.

Kerckhoff Hall 152

PRESENT:

Mike Anderson, Alumni Representative
Donna Baker, Finance Director
JC De Vera, Graduate Representative
Kirk Koenig, Alumni Representative
Arielle Mokhtarzadeh, Undergraduate Representative
Apsara Perera, Undergraduate Representative
Bob Williams, Executive Director

MANAGEMENT:

Roy Champawat, Student Union Director
Sandi Gillespie, Association Affairs Manager
Michelle Moyer, Director of Business and Legal Affairs
Karen Noh, Director of Special Projects
Neil Yamaguchi, UCLA Store General Manager/Director of Academic Support

GUESTS:

Tracy Hensley, KPMG Engagement Partner
Natalie Kashefi, KPMG Senior Manager
Justin Kumar, Communications Board
Arvli Ward, Student Media Director

CALL TO ORDER

Mr. De Vera called the meeting to order at 9:01 a.m.

APPROVAL OF AGENDA

Mr. De Vera called for consent to approve the Associated Students UCLA Board of Director's Finance Committee, January 22, 2016 Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Mr. De Vera called for consent to approve the Associated Students UCLA Board of Directors Finance Committee November 22, 2015 Minutes. There being no objections, the motion was approved by unanimous consent.

Approved: February 19, 2016

EXTERNAL AUDITOR'S REPORT

Ms. Baker introduced Tracy Hensley and Natalie Kashefi from KPMG, who discussed the audit of FY 14-15 financial statements.

Ms. Hensley reviewed 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 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:

- December sales were sluggish and January is not performing well in food service due to the rain.
- The FY 16-17 budget process has begun and management will be focusing on the minimum wage increase, UC Path, International Licensing, and Succession Planning.
- The electrical work is finished in the Global Viewpoint Lounge and the chairs are on order.
- There will be a meeting scheduled with Facilities to explore options for the Terrace Food Court dining room remodel.
- The office restructuring for the Pharmacy is more complex than expected and could cost more than originally thought.

FINANCIAL STATEMENTS

Services & Enterprises November 2015 Financial Statements

Gross income is \$596,000 negative to plan for the month. Net income for the Association was \$49,000 negative to plan for the month; however, the Association is \$437,000 positive for the fiscal year and \$599,000 better than last year.

Bearwear was below plan due to a few promotional event were not repeated from last year as product offering related to Athletics were scaled back due to program changes. E-commerce was above plan due to the Score Big promotion.

Court of Sciences Student Center was below plan due to the closing of Southern Lights and Catering was below plan due to the loss of Training Table.

Services & Enterprises December 2015 Financial Statements

Gross income for the Association was \$402,000 negative to plan with \$271,000 coming from the Store.

Gross margin was negative to plan by \$187,000 and contribution was negative by \$85,000. Net income for the Association as a whole was negative to plan by \$35,000; however, year-to-date the Association was better than plan by \$403,000 and \$369,000 better than last year.

Bearwear was below plan due to the USC football loss and the holiday demand in the Computer Store was significantly lower than plan. Court of Sciences Student Center was below plan due to the closing of Southern Lights and Catering was below plan due to the loss of Training Table.

In terms of cash, the Association reported a book balance of \$9,826,000 for the month. Of this balance, \$3,565,000 has been reserved for capital projects, leaving \$5,318,000 in uncommitted cash which is \$4,762,000 less than the board-required cash reserve.

Past due accounts receivables were at roughly \$128,000 or 4% of total accounts. Store inventories at cost were \$7,100,000; while inventory turns were at 4.4.

January Month-to-Date Preliminary Sales

Current month-to-date sales are negative \$294,066 to plan primarily due to textbooks and the Computer Store. The LuValle Store is negative to plan by \$60,734 and the Health Science Store is negative to plan by \$72,021 which is due to slower medical and dental kit sales. Hilltop Shop is negative to plan by \$1,946 and E-commerce is negative to plan by \$19,540.

Due to these results, management is expecting the gross margin to be negative by \$53,640.

The UCLA Restaurants are currently negative to plan by \$70,177 due to concessions and the rain. Several third party operations are below plan as well including Panda Express and Jamba Juice.

Communications Board October 2015 Financial Statements

The Committee chose to forego discussing the October statements and preceded directly to the November statements.

Communications Board November 2015 Financial Statements

The Communications Board net revenue for November was positive by \$22,037 and positive by \$28,294 year-to-date. Mr. Ward contributes the positive revenue to higher print and digital display advertising as well as classified advertising.

Mr. Ward stated that he is not retiring and will be staying another 90 days to help with the fee referendum and assist with fundraising efforts.

STUDENT MEDIA DEFERMENT

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

Mr. Koenig made a motion, seconded by Mr. Anderson that Associated Students UCLA Finance Committee approve and forward to the ASUCLA Board of Directors a deferment of Student Media's administrative and support services payments for a maximum of \$200,000 until February 29, 2016 contingent upon Student Media providing a current cash flow statement and fee campaign strategy at the February Finance Committee meeting. Mr. De Vera called for a vote. The motion was approved by a vote of 5 yeas and 0 nays.

APPROVAL OF FY 14-15 AUDITED FINANCIAL STATEMENTS

Ms. Perera made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of the FY 14-15 Audited Financial Statements for Services and Enterprises, Communications Board, Graduate Student Association, and Undergraduate Student Association. Mr. De Vera called for a vote. The motion was approved by a vote of 5 yeas and 0 nays.

EXECUTIVE SESSION

Mr. De Vera 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 11:22 a.m.

Mr. De Vera 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 11:52 a.m.

ADJOURNMENT

Mr. De Vera called for consent for the Associated Students UCLA Board of Directors Finance Committee to adjourn the January 22, 2016 Meeting. There being no objections, the meeting was adjourned at 11:52 a.m.