The Budget & Finance Committee meeting was called to order by Chair Mike Lee at 10:07 a.m.

Craig Barth reviewed the 1st quarter financial statements for the quarter ended September 30, 2013 beginning with the balance sheet. The combination of cash and short-term investments and receivables decreased by $3.42 million from the prior year due primarily to the pre-payment in full of UEI’s obligation on the Broad Athletic Fieldhouse loan with the University in the amount of $2.9 million. A $1.83 million increase in long-term investments from the prior year is attributable to significant investment gains. Other long-term assets decreased due to implementing GASB 65 in 2013 which required deferred bond issuance costs to be fully expensed and retired on the balance sheet rather than amortized.

Barth stated that UEI’s total net position decreased due to the combination of two prior period adjustments related to (a) a loss on bond refunding in the amount of $3.57 million, previously not recognized and (b) the reclassification of deferred bond issuance costs in the amount of $1.01 million. The pre-payment in full of UEI’s obligation on the Broad Athletic Fieldhouse loan was also a major factor. Compared to September 30, 2012 total assets have decreased by $3.7 million, and total liabilities increased by $3.3 million, resulting in a decrease in net assets of $7 million.

UEI’s ($102,046) first quarter operating deficit against a budgeted ($757,885) deficit was highlighted. The variance is explained by $734,000 of unrealized/realized investment gains earned during the quarter. Other notable variances include loss of revenue from the effect of the reduction of students in UEI’s California Intern Network program and the effect of self-
operating Java City operations on campus (revenues are up, commissions down, as stores are no longer franchised). The Dining Services deficit was anticipated as instruction did not begin until September 3.

Research and Contract Administration was under budget primarily due to the reduction of indirect revenue from contracts and grants (down $40,000) and increased operating expenses ($50,000) due to shareback fees in support of Faculty, Centers & Institutes. Barth stated that Property Services reported a $496,000 surplus which includes the commission from Follett, and activities at the Upper Eastside Lofts (which reports 100% occupancy this quarter) and the Julia Morgan House.

Contract Services, which includes accounting and administrative work performed for the University Foundation, payroll services for the Well and Union and rental income from the Digital Sign, shows a surplus over budget. California Intern Network shows a negative variance compared to budget due to the reduction in students employed through UEI’s Intern program. Barth stated the Administration division shows a surplus of $418,000 against a budget of ($293,000) due to investment gains.

A discussion was held regarding funding for the Dining Commons Servery in the amount of $169,500, and the Roundhouse in the amount of $70,000 for design and construction documents. Mike Lee and Nielsen Gabriel approved the funding but didn’t constitute a quorum. Motions for funding the Dining Commons Servery and the Roundhouse will be forwarded to the Board for approval at the December 6, 2013 Board of Directors meeting.

The meeting was adjourned at 10:45a.m.

Respectfully submitted:

Arlette Barnard
Recording Secretary