



## F. F & I Committee Report

- 3<sup>rd</sup> Quarter 2021-2022 Financial Review – 3rd Quarter operating results continue to run better to Plan.
  - Financial Overview
    - The second PPP Loan for \$2 million was forgiven in January 2022
      - This will be recorded as income on our financial statements and does not impact cash flow.
    - CalPERS liability pay down of \$1 million occurred in March as per the previous Board resolution plan.
    - Operating Cash Flow of negative \$899,000
    - Gross Margin rates 10 point better
    - Operating Expenses remain in check due in part to continued hiring challenges in the dining locations.
    - Operating income of \$1,559,788 which was \$756,469 better than the original 3<sup>rd</sup> quarter plan.
    - Sales remain flat at over \$7.1 million and continue to shift with Res Dining up by 30%, Bookstore sales mixed with merchandise sales doing well, and Retail Dining services not at planned levels due to some locations remaining closed.
  - Capital Status Full Year 2021-2022
    - Current year expenditures of \$94,394
      - Caffeine Lab opening in the University Library which came in below the \$75,000 budget at only \$34,571
      - \$15,297 was for Outpost table repairs
      - Maintenance repair was done Beach Building Services to the Nugget for \$27,592
      - A 3<sup>rd</sup> Quarter expenditure was made for the espresso machine transition at the Caffeine Lab of over \$12,000
  - Investment Results
    - Investments were down for the 3<sup>rd</sup> Quarter by \$837,965 due to inflation and global conflict concerns.
      - Reported investment gains were down year-to-date by \$739,636
  - Year over Year Financial Statement Overview and Comparison
    - The Shops Cash/Investments are down by \$1.3 million from last year which includes the \$1 million CalPERS liability paydown.
    - Inventory is up \$438,000 with textbook returns in progress
    - Liabilities are down by \$4.8 million due to the forgiveness of both PPP loans along with the \$650,000 Post-Retirement Medical (VEBA) adjustment and \$100,000 bond reduction
    - Operating results have improved over last year especially as sales are up by 153% at over \$7.1 million and our margin percentage up by 24 points.
      - Operating income is at \$1,559,788 with a positive variance of \$1,932,452.
      - Operating contribution is positive at \$719,400 with a reported net contribution of \$1,997,478.

Motion to accept the 3<sup>rd</sup> Quarter 2021-2022 Financial Review as recommended by the F&I Committee

M/S Dr. Lesen / Mr. Ordoñez

By acclamation, 3<sup>rd</sup> Quarter 2021-2022 Financial Review was hereby approved.

- Actuarial Reports
  - Mr. de Wit reported that our 4<sup>th</sup> Quarter plans and objectives would include the budget process for next year, year-end audit entrance in June with a Physical Inventory scheduled, and withdrawing \$400,000 from VEBA as budgeted for our retiree medical expenses.
    - This would also include recording the FAS106 Actuarial adjustment which is dependent on the year-end VEBA account balance along with recording the GASB68 CalPERS Actuarial adjustment.
  - The year-end reporting impact from these Actuarial reports are as follows:
    - There will be a \$4.5 – \$5 million liability reduction which must be recorded as income by June 30, 2022.
      - GASB68 Liability reduction will come in at about \$3.1 million
      - FAS715 Liability reduction will come in at about \$1.5 - \$2.4 million and will be dependent upon the final VEBA Trust balance as of June 30, 2022.

## G.

- Mr. de Wit reviewed Shops' updates that have occurred within this last quarter:
  - The annual Employee Review Process has been recently completed for all salary and full-time employees.
  - A one-time Employee Vacation Benefit program was being offered that allows employees with at least 310 hours of vacation to get paid out for one week if they take two weeks between May 16<sup>th</sup> and June 26<sup>th</sup>, 2022.
    - An update to standardize the Vacation Policy is pending that will upgrade the less than 10-year employee accrual threshold from 384 hours to the standard 440 hours
  - The Shops just awarded its first Employee of the Year Award which went to Ms. Sandra Ramirez who works in the HR Office.
  - An All-Hands meeting was held for management and full-time support staff on Wednesday, April 20<sup>th</sup>, that provided an overview of the planned Shared Services model implementation.
- In terms of ongoing and year-end activities:
  - The annual budget process is in the final stages and we expect the next fiscal year to be a recovery year with slow growth.
  - The FAS106 Actuarial Study was conducted which assesses the Accrued Post-Retirement Benefit Obligations in support of the VEBA trust balance.
  - The Shops recently submitted our CSU Operating Agreement Renewal documentation and are still awaiting feedback from the Chancellor's Office.

## H. New Business

- Mr. Apel asked the group if there would be any concerns about transitioning the next Board meeting on Friday, May 13<sup>th</sup>, from being on Zoom to in person.
  - The general consensus among the group was to go ahead and have this meeting in the Corporate Conference Room.
    - A Zoom meeting invite would also be sent out for any members who would prefer to join the meeting digitally as well.

**I. Adjournment**

There being no further business, the meeting was adjourned at 11:24 AM