

CAL STATE L.A.  
UNIVERSITY AUXILIARY SERVICES, INC.

**Board of Directors Meeting Agenda**

GE Soriano Board Room  
Wednesday, March 20, 2019: 11:30 AM – 1:30 PM

- I. CALL TO ORDER ..... Dr. Gomez
- II. APPROVAL OF 12/06/2018 MINUTES ..... Dr. Gomez
- III. TREASURER’S REPORTS ..... Ms. Williams
- IV. EXECUTIVE DIRECTOR’S REPORT ..... Mr. Marji
- V. ACTION ITEMS: BOARD RATIFICATION
  - A. Conflict of Interest – Governing Board (Policy #101) ..... Mr. Marji
  - B. Conflict of Interest – Employees (Policy #102) ..... Mr. Marji
- VI. CORPORATE TAX FORM 990 REVIEW ..... Mr. Marji
- VII. INFORMATION ITEMS
- VIII. PUBLIC FORUM
- IX. ADJOURNMENT..... Dr. Gomez

NEXT MEETING: Friday, May 17, 2019: 11:30 AM – 1:30 PM

**Cal State L.A. University Auxiliary Services, Inc.**  
**BOARD OF DIRECTORS MEETING**  
**Thursday, December 6, 2018**  
**R. N. Soriano Board of Directors Conference Room**

**MINUTES**

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**Present:** Nancy Wada-McKee, Vice President, David Blekhman (for Bridget Murnane), Lisa Chavez, Annie Ekshian, Mohsen Eshraghi, Rashad Freeman (for Nia Johnson), Duy Nguyen, Veena Prabhu, Pamela Scott-Johnson, Jimmy Solis, Jeffrey Underwood, Joyce Williams, Dale Zuehls

**Absent:** Jose Gomez (excused)

**Staff:** Thomas Leung, Patricia Ramirez-Ulloa, Henry Wangidjaja

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**I. CALL TO ORDER**

N. Wada-McKee called the meeting to order at 12:01 p.m.

**II. APPROVAL OF AGENDA – December 6, 2018**

*M/ s / p (V. Prabhu/M. Eshraghi) to approve the Agenda.*

**III. APPROVAL OF MINUTES – Board of Director’s Meeting of September 28, 2018**

*M/ s / p (V. Prabhu/P. Scott-Johnson) to approve the Minutes of the Board meeting of March 9, 2018 as submitted.*

**IV. ACTION ITEMS**

**A. Appointment of New Board Member**

For FY 2018-19, J. Williams was nominated as Secretary/Treasurer of the Board.

*M/ s / p (V. Prabhu/P. Scott-Johnson) to approve Appointment of New Board Member.*

**B. Financial Statements: 1<sup>st</sup> Quarter FY 18-19.**

T. Leung and H. Wangidjaja presented the FY 2018-19 Financial Statements ending September 30, 2018.

*M/ s / p (V. Prabhu/D. Blekhman) to approve Financial Statements.*

**V. EXECUTIVE DIRECTOR'S REPORT**

L. Chavez reported that Tariq Marji, UAS Executive Director, will be starting January 9, 2019.

L. Chavez presented the Summary of Submitted Proposals and the Summary of Awarded Proposal as of October 2018.

**VI. PUBLIC FORUM**

None at this time

**VII. ADJOURNMENT**

*M/ s / p (L. Chavez/N. Wada-McKee) to adjourn the meeting at 12:28p.m.*

**CAL STATE L.A.**  
**UNIVERSITY AUXILIARY SERVICES, INC.**  
**Statement of Net Position**  
**As of February 28, 2019**

	<b>Total Year To Date</b>	<b>Audited Total June 30, 2018</b>	<b>Increase (Decrease)</b>
<b>ASSETS</b>			
Cash and cash equivalent			
On-hand and in commercial accounts	5,202,160	4,483,098	719,062
Short-term investments	<u>6,302,676</u>	<u>5,414,801</u>	<u>887,875</u>
Total cash and cash equivalents	11,504,837	9,897,900	1,606,937
Grants and contracts receivable	8,164,647	5,144,195	3,020,451
Less allowance for doubtful accounts	<u>(243,952)</u>	<u>(243,952)</u>	<u>-</u>
Net Grants and contracts receivable	7,920,695	4,900,243	3,020,451
Accounts receivable	1,634,296	3,820,010	(2,185,713)
Less allowance for doubtful accounts	<u>(2,144)</u>	<u>(2,144)</u>	<u>0</u>
Net Accounts receivable	1,632,153	3,817,866	(2,185,713)
Inventory	29,293	29,825	(532)
Prepaid expenses and other current assets	<u>33,357</u>	<u>(0)</u>	<u>33,357</u>
	1,694,803	3,847,691	(2,152,888)
Total current assets	21,120,335	18,645,834	2,474,500
Land and Land Improvement	639,000	639,000	-
Building	32,523,740	32,523,740	0
Building - Construction in Progress	10,913,252	5,103,376	5,809,876
Furniture, fixtures and equipment	9,911,533	9,911,533	0
Computer Software	<u>95,723</u>	<u>95,723</u>	<u>0</u>
Capital Assets	54,083,249	48,273,374	5,809,875
Less accumulated depreciation	<u>(24,640,064)</u>	<u>(23,850,116)</u>	<u>(789,948)</u>
Property and equipment, net	29,443,185	24,423,257	5,019,928
Deferred outflows - Other Post Employment Benefits	1,548,767	1,548,767	-
Total assets	<u>52,112,285</u>	<u>44,617,856</u>	<u>7,494,431</u>
<b>LIABILITIES AND NET ASSETS</b>			
Long-term Debt Obligations - Current	111,200	128,400	(17,200)
Capital Lease Obligation- Current	950,000	910,000	40,000
Accounts payable	669,610	1,103,273	(433,663)
Accrued expenses	1,358,425	999,821	358,603
Deferred Revenue	7,867,239	3,909,992	3,957,248
Reserve for Disallowances	1,077,367	1,077,367	-
Deposits held in custody for others	<u>379,037</u>	<u>431,992</u>	<u>(52,955)</u>
Total current liabilities	12,412,879	8,560,845	3,852,034
Long-term Debt Obligations	5,839,800	5,951,000	(111,200)
Long-term Debt Obligations Premium	178,699	189,867	(11,169)
Postretirement Benefits	3,395,010	3,182,692	212,318
Capital Lease Payable	16,810,000	17,760,000	(950,000)
Capital Lease Premium	<u>1,830,241</u>	<u>1,919,521</u>	<u>(89,280)</u>
Total long-term liabilities	28,053,750	29,003,081	(949,331)
Unamortized Gain on Refunding	608,475	638,157	(29,682)
Unamortized gain on sale of property	156,105	163,366	(7,261)
Deferred Inflows on Other Post Employment Benefits	<u>11,449</u>	<u>11,449</u>	<u>-</u>
Total other liabilities	776,029	812,972	(36,942)
Fund Balance	10,869,627	6,240,959	4,628,665
Total Net Assets	<u>10,869,627</u>	<u>6,240,959</u>	<u>4,628,665</u>
Total liabilities and net assets	<u>52,112,285</u>	<u>44,617,856</u>	<u>7,494,431</u>

**CAL STATE L.A.**  
**UNIVERSITY AUXILIARY SERVICES, INC.**  
**Statement of Cash Flows**  
**Eight Months Ended February 28, 2019**

**February 28, 2019**

**Cash flows from operating activities:**

Change in net asset 4,628,665

**Adjustment to reconcile change in net assets  
to net cash provided by operating activities:**

Change in Accumulated Depreciation 789,948

**Change in operating assets and liabilities:**

Accounts receivable and other assets (867,563)

Accounts payable and other liabilities 379,992

Deferred revenue and reserve for disallowance 3,957,248

**Net cash provided by (used In) operating activities** 8,888,290

**Cash Flow from capital and related financing activities:**

Acquisition of Capital Assets (5,809,875)

Proceeds from long-term debt 0

Interest paid on capital debt and leases 0

Principal paid on capital debt and lease (38,400)

**Net cash provided by (used in) financing activities** (5,848,275)

**Cash Flow from investment activities:**

Investment in CSU Pool (2,300,000)

Reinvestment of Investment Income (20,952)

Proceeds from Interest Income and sale of investment 0

**Net cash provided by (used in) investment activities** (2,320,952)

**Net increase/(decrease) in cash and cash equivalents** 719,063

**Cash and cash equivalents, beginning of year** 4,483,098

**Cash and cash equivalents, end of year** 5,202,160

**CAL STATE L.A.**  
**UNIVERSITY AUXILIARY SERVICES, INC.**  
**Statement of Revenue, Expenses and Change in Net Position**  
**Eight Months Ended February 28, 2019**

Description	FY 2017/18 As of 2/28	Current Year Budget	FY 2018/19 As of 2/28	Actual % of Budget As of Date
<b><u>Unrestricted</u></b>				
<b>REVENUE</b>				
Food & Catering Revenue	2,876,954	4,075,000	2,690,661	66%
Less: Cost of Goods	(1,009,122)	(1,490,000)	(832,082)	56%
	<u>1,867,832</u>	<u>2,585,000</u>	<u>1,858,579</u>	<u>72%</u>
Indirect Cost Revenue	1,482,306	2,325,000	1,342,986	58%
C&G Admin Recovery	92,327	150,000	79,068	53%
Commission Income	1,149,738	1,680,500	1,010,659	60%
Lease Income	1,046,980	1,574,395	1,052,472	67%
Interest Income	16,964	36,000	20,952	58%
Child Care Center Revenue	429,398	587,650	440,189	75%
Campus Program User's Fee	126,766	150,000	179,067	119%
Other Revenue	458,832	682,500	215,395	32%
<b>Total Revenue</b>	<u><u>6,671,143</u></u>	<u><u>9,771,045</u></u>	<u><u>6,199,367</u></u>	<u><u>63%</u></u>
<b>EXPENSES</b>				
Salaries and Wages	1,884,210	3,145,675	1,742,852	55%
Benefits	728,851	1,276,015	722,534	57%
Audit/Legal	119,414	162,000	193,565	119%
Contractual Services	393,581	588,275	377,955	64%
Supplies & Services	524,353	712,900	310,512	44%
Utilities & Telephone	230,273	395,850	328,026	83%
Insurance Premiums	64,566	82,000	66,714	81%
Interest on capital lease	455,694	568,746	519,345	91%
Bank Charges	78,840	132,600	83,235	63%
Repair & Maintenance	73,237	48,000	45,584	95%
Lease & Rental	25,087	48,100	29,653	62%
Other Operating Expenses	108,990	149,150	75,852	51%
<b>Total Operating Exp.</b>	<u><u>4,687,097</u></u>	<u><u>7,309,311</u></u>	<u><u>4,495,826</u></u>	<u><u>62%</u></u>
<b>Gross Operating Income/(Loss)</b>	<u><u>1,984,047</u></u>	<u><u>2,461,734</u></u>	<u><u>1,703,541</u></u>	<u><u>69%</u></u>
Campus Programs net, income/(expenses)	258,645	50,000	559,365	1119%
<b>Net Operating Income/(Loss)</b>	<u><u>2,242,692</u></u>	<u><u>2,511,734</u></u>	<u><u>2,262,906</u></u>	<u><u>90%</u></u>
<b>Non Cash Expenditures</b>				
Depreciation & Amortization	790,330	1,190,498	781,423	66%
Deferred Building Maintenance Reserve*	0	400,000	0	0%
Rongxiang Xu BioSpace Construction Pass-through**	0	(3,500,000)	(3,147,181)	90%
Reserve - Post Retirement Med	368,000	450,000	0	0%
<b>Net Income/(Loss)</b>	<u><u>1,084,360</u></u>	<u><u>3,971,236</u></u>	<u><u>4,628,665</u></u>	<u><u>117%</u></u>
<b><u>Restricted</u></b>				
Contracts & Grants Revenue	16,142,957	25,800,000	19,265,934	75%
Contracts & Grants Expenditure	16,142,958	25,800,000	19,265,934	75%
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	

CAL STATE L.A.  
UNIVERSITY AUXILIARY SERVICES, INC.

RATIFICATION  
CONFLICTS OF INTEREST POLICY FORMEMBERS OF  
THE BOARD OF DIRECTORS

WHEREAS, the Board of Cal State LA University Auxiliary Services Inc. (“UAS” or “Corporation”) has determined that it is desirable for the Corporation to establish written policies governing the identification and management of potential conflicts between the financial and personal interests of its Board members and their obligations to the Corporation;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors adopts and ratifies the attached Conflicts of Interest Policy #101; and

BE IT FURTHER RESOLVED, that the Board authorizes the Board members, appropriate officers, and administrators of the Corporation to take such actions as they deem necessary or appropriate to execute and to enforce the requirements of the Conflicts of Interest Policy #101.

\* \* \* \* \*

*I, Joyce Williams, Secretary of Cal State LA University Auxiliary Services Inc., incorporated under the laws of the State of California, hereby certify that the foregoing is a true copy of a resolution duly adopted by the Executive Committee of Board of Directors of said Corporation at a meeting duly held \_\_\_\_\_ 2019, at which a quorum was present and voting, and that the same has not been repealed or amended, and remains in full force and effect and does not conflict with the Bylaws of said Corporation.*

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SECRETARY

## Cal State L.A. University Auxiliary Services, Inc.

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POLICY:	CONFLICT OF INTEREST – GOVERNING BOARD	POLICY #:	101
SECTION:	GENERAL ADMINISTRATION	EFFECTIVE:	

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### **PURPOSE**

The California Education Code has specific requirements for the governing board of an auxiliary organization regarding conflict of interest. This policy addresses those requirements.

§89906 No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.

§89907 No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of Section 89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist:

- (a) The fact of such financial interest is disclosed or known to the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and
- (b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

§89908 The provisions of Section 89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

- (a) The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.
- (b) The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder, directly or indirectly, of a proprietorship interest.
- (c) The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock.

- (d) A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of Section 89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

§89909 It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.

### **DISCLOSURE**

All Board members are required to disclose any business or financial relationship they, or members of their immediate families, have or propose to have with UAS, either directly or through another entity in which they have a significant interest. If at any time a Board member determines that a conflict of interest exists, he/she will immediately, or as soon as actually possible, disclose the circumstances to the Executive Director of UAS.

Each year Board members are required to review the applicable portion of the California Education Code and attest that they do not have any conflicting financial interests.

### **CONFLICT RESOLUTION**

In the event that a conflict, or potential conflict, exists and cannot be resolved, the disputed matter will be reviewed by the Executive Committee. In the absence of a resolution, the Executive Committee will refer the matter to the Board of Directors, and the Board of Directors will review and take final action on the matter.

CAL STATE L.A.  
UNIVERSITY AUXILIARY SERVICES, INC.

RATIFICATION  
ESTABLISHING CONFLICTS OF INTEREST POLICY FOR  
UAS EMPLOYEES

WHEREAS, the Board of Cal State LA University Auxiliary Services Inc. (“UAS” or “Corporation”) has determined that it is desirable for the Corporation to establish a written policy to govern the identification and management of potential conflicts between the financial and personal interests of its employees and their obligations to the Corporation;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors adopts the attached Conflicts of Interest Policy #102 for UAS employees; and

BE IT FURTHER RESOLVED, BE IT RESOLVED that the Board ratifies the employee how are of a management capacity and administrators of the Corporation be, and they hereby are, authorized for and in the name of the Corporation to take such actions as they shall deem necessary or appropriate to execute and to enforce the requirements of the Conflicts of Interest Policy for employees.

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*I, Joyce Williams, Secretary of Cal State LA University Auxiliary Services Inc., incorporated under the laws of the State of California, hereby certify that the foregoing is a true copy of a resolution duly adopted by the Executive Committee of Board of Directors of said Corporation at a meeting duly held \_\_\_\_\_ 2019, at which a quorum was present and voting, and that the same has not been repealed or amended, and remains in full force and effect and does not conflict with the Bylaws of said Corporation.*

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SECRETARY

## Cal State L.A. University Auxiliary Services, Inc.

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POLICY: CONFLICT OF INTEREST – EMPLOYEES  
SECTION: PERSONNEL

POLICY #: 102  
EFFECTIVE:  
HISTORY:

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### **PURPOSE**

The California Education Code has specific requirements for the employees of an auxiliary organization regarding conflict of interest. This policy addresses those requirements.

§89006 It is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment by, or contractual relationship with, the trustees, the California State University, or an auxiliary organization of the California State University, for personal pecuniary gain, not contemplated by the terms of the employment or contract, regardless of whether the person is or is not so employed or under contract at the time the gain is realized.

### **SCOPE**

This policy applies to directors, managers, supervisors and employees who have significant exposure and/or decision making authority. This policy also applies to any individual who has significant exposure and/or decision making authority related to UAS's business activities. Such individuals may include, but are not limited to, employees of California State University Los Angeles, independent contractors, subcontractors, consultants, etc.

### **DISCLOSURE**

When any individual with significant exposure and/or decision making authority, or any member of his or her immediate family, has a conflict of interest, that individual shall promptly report the conflict to the Executive Director of UAS. All persons to whom this policy applies are required to annually review the applicable portion of the California Education Code and attest that they do not have any conflicting financial interests.

### **CONFLICT RESOLUTION**

The Executive Director of UAS will review all reported conflicts of interest and will issue a decision that defines what activities are permissible, not permissible, and any special conditions that must be met. The Executive Director of UAS will inform the Executive Committee of all reviews and decisions relative to conflict of interests.

In the event the conflict or potential conflict cannot be resolved by that person and the board or committee taking action, the disputed matter will be reviewed by the Executive Committee. In the absence of resolution, the Executive Committee will refer the matter to the Board of Directors, and the Board of Directors will review and take final action on the matter.

If the Executive Director of UAS has a conflict of interest with UAS business activities, he/she will disclose the circumstances to the Chair of the UAS Board of Directors.