

ASUW Finance & Budget Committee

Monday: 29 October 2007

Husky Union Building 204N, 3:30 pm

MINUTES

ASUW Finance & Budget Director Jonathan Evans called the 29 October 2007 meeting of the ASUW Finance & Budget Committee to order at 3:37 pm.

ROLL CALL:

Present:

Jonathan Evans
Dan Burton
Rachel Hollcraft
Peter Van Overbeek
Tom Bash
Holly Jones
PJ LaFemina
Natalie Bankson
Rene Singleton

Absent:

Guests:

Mark Schoen

APPROVAL OF AGENDA:

Jon entertained to approve the agenda as is. **Rachel** moved to approve the agenda as is. **Dan** seconded the motion. *The Committee unanimously approved the agenda as is.*

APPROVAL OF MINUTES:

Holly moved to approve the minutes as is. **Natalie** seconded the motion. *The Committee unanimously approved the minutes as is.*

NEW BUSINESS:

Mark Schoen gave the committee the same presentation that he gave to the Board of Directors during ASUW Orientation. He began with an overview of how ASUW is structured and mentioned that AUSW has 6 self-balancing accounts; he also stated that the organization is required to maintain a \$100,000 insurance fund.

He showed and explained pie charts of where ASUW gets money and where that money goes.

He also brought up that Enterprise deficits are an important issue to the organization's budget; over the last 5 years both the Experimental College and the Bike shop have run deficits.

He calculated a straight line projection based on the last 5 years that showed that in 3 fiscal years the organization will have had to dip into their insurance fund by \$6,000. He recommended that the organization not support any further pilot programs unless they were fully funded by S&A fees or another source of committed funding. He also recommended that high risk A&E events not be funded unless the risk is shared.

Other strong recommendations included staying within the budget and addressing enterprise financial situations.

Tom asked about the significant difference between surplus and deficits for two enterprises

Mark explained that there were a lot of reasons for the differences and that many were general fund related.

Jonathan interjected that the bike shop manager had been the manager two years in a row at the time of the Bike Shop surplus; he had purchased supplies at end of first year which became a profit the next year

Mark added that during the 2000 fiscal year the Board of Directors closed an enterprise; during that year the Board had also looked at EXCO expenses and cut the enterprise's personnel costs.

Dan requested that Mark expand on what he saw in the future of the two enterprises in question.

Mark replied that the best available answer was a broad question that the committee, as well as the BOD, should consider: should ASUW be in the business of conducting enterprises such as the Bike Shop and Experimental College? He stated that the Bike Shop was designed in such a way that it would never make profit, because that would make it an unfair competition to local businesses. In the case of EXCO he stated that he was unsure as to whether it was possible to turn operations around so that the enterprise could generate profit. He brought up the question of whether students should be paying for those services. He said that committee members should answer these questions before attempting to make decisions regarding the futures of the two enterprises.

Dan inquired whether enterprises in general were more of a burden than help to the organization and whether ASUW should support new enterprises

Mark said that no new enterprises should be created if ASUW were to fund them and that the organization would have a hard time getting funding from SAF since the enterprises that were currently established were not making any profit.

Jonathan informed the committee that the Board of Directors would make decisions about the future of enterprises and that the Finance & Budget Committee would be responsible for considering how to responsibly finance the enterprises.

PJ introduced the notion that the committee could have a meeting with SAF and enterprise leaders in order to make an educated recommendation to Board of Directors.

Jonathan stated that he had already considered inviting the leaders of the two enterprises to present their BOD presentations to the committee. He told the committee that there was a very slim chance that BOD would dismiss either enterprise and that F&B should consider viable future funding options.

PJ suggested that the committee have a candid meeting with EXCO & the Bike shop that went over recommendations, budgets, and a review for the upcoming year. Throughout the year the committee would monitor their progress; if the outcome did not appear to be positive the committee to make suggestions to the BOD at the end of the year.

Jonathan replied that the enterprises were already heeding advice given to them the previous year. Steps had already been taken to repair the \$200,000 deficit. The year that generate the highest deficit was also the year that student

activities fees changed from a per student fee to a lump sum. He also stated that in the previous year A&E had a surplus of approximately \$30,000 that brought the deficit for that year to \$22,000 down from \$52,000. He mentioned that over the past two years there had been a 42 percent increase to ASUW's budget and that the committee was responsible for reigning in spending so that the organization could stay within budget.

PJ asked why the activities fee was changed from a per student fee to a lump sum.

Jonathan replied that the student population changes yearly and that the per student fee could potentially lead to a large surplus for the organization; it was philosophically not responsible to make students pay for 70k surplus. ASUW was trying to move back toward being a net zero non-profit association. He also stated that it was impractical to expect an exactly balanced budget as the organization need flexibility and needs to be able to have money in savings.

PJ asked whether the organization had an endowment with savings from last year or whether the current savings were being invested.

Jonathan replied that \$10,000 in interest is generated annually from money in savings but that SAF expects the organization to put that money back into the budget the following year.

Dan asked whether external advertising would be a way to accumulate revenue. **Rachel** replied that ASUW enterprises are learning enterprise and are not allowed to make money

Jonathan added that commercials would change nature of licenses held by enterprises and that a lot of complications could arise when it comes to advertising. He stated it might be beneficial if a member of the committee would research the issue and report back to the committee.

Natalie said that The Daily did a lot of local business advertising and that double listing would not be popular among businesses that already advertised through that channel.

Rachel: Despite deficits enterprises do have goals to change they way they have been managed financially; Jason's (Bike Shop Manager) goal is to get out of the red.

Jonathan said that the committee would look at a new financial mechanism to change the way the two enterprises operated. They would also try to find a new creative approach to balancing the budget.

CHAIR'S REPORT:

Finance & Budget Committee was still in flux; hopefully all of the members would be set by the following week.

ADVISOR'S REPORT:

None

ANNOUNCEMENTS

Next week:

- Develop the committee's timeline for the year
- Assign organization liaisons

ADJOURNMENT:

Jonathan entertained to move to adjourn the meeting. **Rachel** moved to adjourn the meeting. **The Committee** seconded the motion. *The 29 October 2007 meeting of the ASUW Finance and Budget Committee adjourned at 4:44 pm.*

Respectfully Submitted by:

Angela Renee Stanley

Executive Administrative Assistant to the President and
Finance and Budget Director