

## MINUTES

FORTY-NINER SHOPS, INC.

FINANCE & INVESTMENT COMMITTEE

**Friday, January 20, 2023**

**Members Present:** Mr. Scott Apel, Chair  
Dr. Beth Lesen  
Dr. Praveen Soni  
Ms. Mitali Jain

**Absent:** Mr. Milton Ordoñez

**Staff Present:** Dr. Miles Nevin, Executive Director, 49er Shops and ASI, Inc.  
Mr. Gordon Copley, Chief Financial Officer, 49er Shops and ASI, Inc.  
Mr. Tom Collier, Accounting Manager, 49er Shops  
Mr. Idris Aydin, Director of Finance and Administration, ASI, Inc.  
Ms. Kristy Nguyen, Accounting & Financial Analyst, ASI, Inc.  
Mr. Stewart Ohanesian, Senior Accountant, ASI, Inc

**Guest(s):** Ms. Kristina Randig, Business Manager, Financial Management

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**A. Call to Order:**

The meeting was called to order at 8:37 a.m. by Chair, Scott Apel

**B. Approval of the Agenda:** January 20, 2023

Motion to accept the Agenda as presented.

M/S Dr. Lesen / Dr. Soni

By acclamation the Agenda for the meeting of January 20, 2023 was hereby approved as presented.

**C. Approval of Minutes:** October 21, 2022

Motion to accept the Minutes as presented.

M/S Dr. Lesen / Dr. Soni

By acclamation the minutes of October 21, 2022 were hereby approved as presented.

**D. Action Items:**

- **2<sup>nd</sup> Quarter 2022-2023 Financial Review:** Mr. Copley reported that the 2<sup>nd</sup> Quarter financials align consistently favorable to our conservative budget numbers.
  - Sales are up \$206,000 or 2.7% favorable to budget in most areas.
    - Retail Dining did report negative numbers for this quarter, however, with the opening of the Nugget, there is an opportunity to perform better moving forward.
  - Operating and G&A expenses are up around \$140,000 and \$4,000 respectively to budget.
    - This was due to lower employee counts that yielded more favorable Labor and Benefit spending and resulted in a positive operating income of \$476,000.

- While the investment marketplace still remains volatile, there was an investment gain this quarter of \$375,000.
- Overall net contribution is \$1 million for this quarter yielding an amount of \$740,000 favorable to the budget numbers.
- Year-to-Year Comparison:
  - Operational Results have exceeded the prior year due to the continuing recovery from the pandemic in the following areas:
    - Sales are up by over \$1.7 million or 28.9% for the 2<sup>nd</sup> quarter driven by increased sales in the Beach Convenience Stores along with Retail and Residential Dining.
    - While there were additional costs reported due to increased volumes that typically occur with these kinds of favorable revenue figures, the increased financials exceeded those costs yielding a favorable operating income of \$1.3 million or a \$557,000 increase when looking year over year.
    - Net contribution is up by \$1 million when compared to last year's increase of \$356,000.
- Year-to-date Comparison:
  - Sales are up over \$3 million or 26.9% when comparing year-to-date due to increases in Residential and Retail Dining along with the Convenience Stores.
  - Net Contribution is greatly improved from prior year at a positive \$1 million increase when compared to the prior year's loss of \$202,000.
- Capital Status Full Year 2022 – 2023:
  - For the 2<sup>nd</sup> Quarter, there was a preliminary expenditure of \$5,000 for the ADA upgrade project to the Bookstore's elevator system as well as \$39,000 in system enhancements for Food Services to help ensure PCI Compliance and customer security.
    - Moving forward, there are most costs expected with both of these activities.
    - Additionally, there was a maintenance repair to the Nugget done by Beach Building Services at \$27,592 to help with the re-opening process.
- Investment Results:
  - The economic marketplace remains highly unstable due to increasing concerns about war and recession along with inflation fears.
    - However, the Shops did see investment gains in the 2<sup>nd</sup> quarter totaling around \$566,000.
    - Year-to-date investments gains are up 1.6% or \$138,000.
- Financial Statements:
  - While cash has declined year-to-date from prior year, Accounts Receivable has increased.
    - This is a typical trend and cash collections will be focused on moving forward to support positive cash balances.
  - Long-Term Liability reports as a large credit balance mostly due to an excess of \$1 million paid of the unfunded accrued liability and actuarial adjustments which is anticipated to eventually reverse.
  - When looking at the Cash Flow Statement, net contributions are down from last year because of the PPP Loan refund along with a half a year of transactions as opposed to a full year.

- Year-to-date we are about \$800,000 down in cash however, we are anticipating increased accounts receivable to offset that in the upcoming 3<sup>rd</sup> quarter.

Motion to accept the 2nd Quarter 2022-2023 Financial Review

M/S Dr. Lesen / Dr. Soni

By acclamation the 2<sup>nd</sup> Quarter 2022-2023 Financial Review was hereby approved to recommend to the Board.

## **E. Discussion Items**

- Board Discussion Points
  - Mr. Copley discussed the following updates:
    - California passed a law to increase minimum wage to \$15.50 an hour as of January 1<sup>st</sup>, 2023.
      - He reviewed a table graph put together from the HR staff that detailed how many of the Shops' staff were impacted along with broke down the weighted cost impact of around \$164,500 to the organization.
    - He and his staff are currently conducting interviews with three potential Auditing firms.
      - As part of this process, they are discussing the impacts of moving forward with the FASB shift for ASI with perspective Auditors along with the Shops potential inclusion into the Employee Tax Credit Program.
    - Accounting staff relocations are being coordinated between Facilities and his staff as they prepare to make the needed office modifications for this departmental move over the next few months.
- Budget Planning
  - Budget preparation and planning is underway as Mr. Copley reviewed the updated Budget Calendar for this upcoming process.
    - It wouldn't be changing too much from what has been done in the past and starts with training set to begin in March taking into account the committee and board meetings throughout the semester.

## **F. Adjournment**

- There being no further business, the meeting was adjourned at 9:25 a.m.