



**NASA** Langley Research Center Exchange

Your First Choice – LaRC Exchange

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# LaRC Exchange Operations Overview

## Mission & Vision



- The Exchange Mission is to provide quality products, services, and activities that promote and enhance the morale and well-being of the LaRC Community.
- Vision: A customer-focused team providing “First Choice” quality of life programs and services for the LaRC community.
- **Your First Choice-Langley Exchange**



# LaRC EXCHANGE OPERATIONS

## Consolidated Financial Statement



September 30,	2012	2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 362,267	\$ 386,592
Accounts receivable	21,393	21,752
Inventories	31,590	36,973
Prepaid expenses	14,399	14,984
Investments	200,332	-
<b>Total current assets</b>	<b>629,981</b>	<b>460,301</b>
<b>Property and equipment - net</b>	<b>251,730</b>	<b>278,621</b>
	<b>\$ 881,711</b>	<b>\$ 738,922</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 37,074	\$ 38,619
Accrued expenses	81,610	89,266
Unearned revenue	2,021	160
Security deposits	6,930	7,810
Other liabilities	6,844	-
<b>Total current liabilities</b>	<b>134,479</b>	<b>135,855</b>
<b>Net assets</b>		
Unrestricted	747,232	603,067
	<b>\$ 881,711</b>	<b>\$ 738,922</b>



# LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

YTD Sept. 30, 2012



Financial Indicators and Business Indicators	STANDARD	BUDGET/TARGET AMOUNT		PREVIOUS YTD Sept 10		ASSESSMENT ACTUAL YTD (PROFIT) (VARIANCE) ACHIEVED		REMARKS/COMMENTS
EAA/Admin. Office NI& BUDGET VAR	> 0   ±15%	-16.1	-54.3	+131%	\$16.7	+4%	G G	New Services Manager hired for Exchange increased labor. Vending & Fitness income down with reduced hours.
CHILD DEV. CENTER NI & BUDGET VAR	> 0   ±15%	37.0	-14.5	+248%	\$21.5	-42%	G R	Total revenues down by 152.6K with enrollment reduction to 82 children. Labor reduced by 138.8K from FY11.
FOOD AND BEVERAGE NI & BUDGET VAR	> 0   ±15%	19.4	82.5	-7%	\$76.4	+294%	G +R	Cafeteria revenues increased 10K. Increased labor by \$25.9K. COGs increase 11%
EXCHANGE SHOP NI & BUDGET VAR	> 0   ±15%	19.6	20.3	+45%	\$29.5	+51%	G +R	The revenues down by \$13.6K. Insurance recovery increase non operation profit by 7.5K.
Exchange Fund Net Income & Budget Variance	> 0   ±15%	60.1	34.1	+323%	\$144.2	+139%	G R	Net income from operations results due to improved CDC financial performance along with sound financial results from Food and Bev. and Ex. Shop. Recovery from Insurance improved net income and overall cash in bank.
ACID TEST RATIO Ability to pay bill in 30 Days	>1:1	2.1:1	2.5:1		2.7:1		G	Quick cash is \$362,599, AR \$21,393 current assets \$628,661 Total liabilities \$134,623 as of September 30, 2012.
CASH TO DEBT RATIO Cash + Current & L. RANGE Investments / total liabilities	>1:1   <2:1	2:1	2.9:1		4.1:1		G	Manageable Cash Assets on hand \$562,598. Note insurance claim of \$124.9 K received in extraordinary income to help offset FY11 losses and improve cash to debt.
CI EXECUTION RATE 70 % OF BUDGET	70%	\$12.7	12.5 %		35.6 %		R	Improvements budgeted at 17.4K. \$6.15K execution as of Sept 30, 2012. toddler playground improvements roll over to 2012

## PROFIT/LOSS

R=LOSING MONEY

G=MAKING MONEY

A=CONTROLLED LOSS

## BUDGET VARIANCE

R=NEGATIVE OR VARIANCE >25%

G=POSITIVE NIBD & VARIANCE <16%

A=POSITIVE NIBD & VARIANCE 16-25% OR CONTROLLED LOSS & VARIANCE 0-25%



# LaRC EXCHANGE OPERATIONS

## FY 2012 Financial Statements by Activity



<b>Revenues`</b>	<b>EAA - Admin</b>	<b>CDC</b>	<b>Food &amp; Bev</b>	<b>Exc. Shop</b>	<b>Consol. Exchange</b>
Sales & Commissions	\$76,076	\$643,080	\$920,635	\$85,240	\$1,725,031
COGS			\$442,050	\$41,894	\$483,944
<b>Gross Inc from Sales</b>			\$478,585	\$43,346	\$1,241,087
<b>Gross Income from operations</b>	\$76,076	\$643,080	\$478,585	\$43,346	\$1,241,087
<b>Expenses</b>					
Labor	\$80,152	\$550,412	\$340,696	\$11,381	\$982,641
Operating Expenses	\$45,256	\$104,903	\$55,083	\$9,269	\$214,510
<b>Total Expenses</b>	\$125,408	\$655,315	\$395,779	\$20,650	\$1,197,151
Total Other Revenues (expenses)	\$1,146	\$14,797	\$165	-	\$16,107
<b>Net Income(loss) Before Depreciation</b>	(\$48,186)	\$2,562	\$82,971	\$22,696	\$60,043
Depreciation	\$16,559	\$9,282	\$6,528	\$687	\$33,056
Net Income/(Loss) for FY 11	(\$64,744)	(\$6,721)	\$76,443	\$22,009	\$26,987
Extraordinary /Prior Year Adjust	\$89,197 (\$7,756)	\$28,198	0 0	\$7,539	\$124,934 (\$7,756)
<b>Net change in Assets (Loss)</b>	\$16,697	\$21,477	\$76,443	\$29,548	\$144,165



# LaRC EXCHANGE OPERATIONS

## Cash Flow FY11 & 12



### Statements of Cash Flows

Years Ended September 30,	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 26,987	\$ 34,089
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	33,056	33,504
Extraordinary Item (note 7)	124,934	(65,236)
Prior period adjustment (note 8)	(7,756)	(22,745)
(Increase) decrease in accounts receivable	360	(4,678)
(Increase) decrease in due to/from club accounts	-	4,686
(Increase) decrease in unearned revenue	1,860	(5,382)
(Increase) decrease in security deposits	(880)	(2,970)
(Increase) decrease in prepaid assets	585	15,793
(Increase) decrease in inventories	5,383	8,437
Increase (decrease) in accounts payable	5,300	(2,618)
Increase (decrease) in other accrued liabilities	(7,657)	(7,853)
Total Adjustments	155,185	(49,062)
Net Cash Provided by (Used in) Operating Activities	182,172	(14,973)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of certificate of deposit	-	15,604
Purchases of expendable equipment	(6,165)	(2,923)
Net purchase of investments	(200,332)	-
Net Cash Provided by (Used in) Investing Activities	(206,497)	12,681



# LaRC EXCHANGE OPERATIONS

## Cash Flow FY11 & 12 (continued)



### CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of certificate of deposit	-	15,604
Purchases of expendable equipment	(6,165)	(2,923)
Net purchase of investments	<u>(200,332)</u>	<u>-</u>
 Net Cash Provided by (Used in) Investing Activities	 <u>(206,497)</u>	 <u>12,681</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 <b>(24,325)</b>	 <b>(2,292)</b>
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	 <u>386,592</u>	 <u>388,884</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	 <u><u>\$ 362,267</u></u>	 <u><u>\$ 386,592</u></u>

#### 7. Extraordinary Item

During the year the NASA Langley Exchange Council and Activities received \$124,934 in insurance reimbursements for theft perpetrated by an employee over a six year period beginning in 2006. The theft was primarily perpetrated through unauthorized payroll withdrawals and forged check disbursement.

During the year ending September 30, 2011 the NASA Langley Exchange Council and Activities experience employee theft of \$65,236. This theft was allegedly perpetrated by an employee, primarily through unauthorized payroll withdraws and forged check disbursement dating back to 2006.

#### 8. Prior Period Adjustment

The prior period adjustment for 2012 consisted of the following:

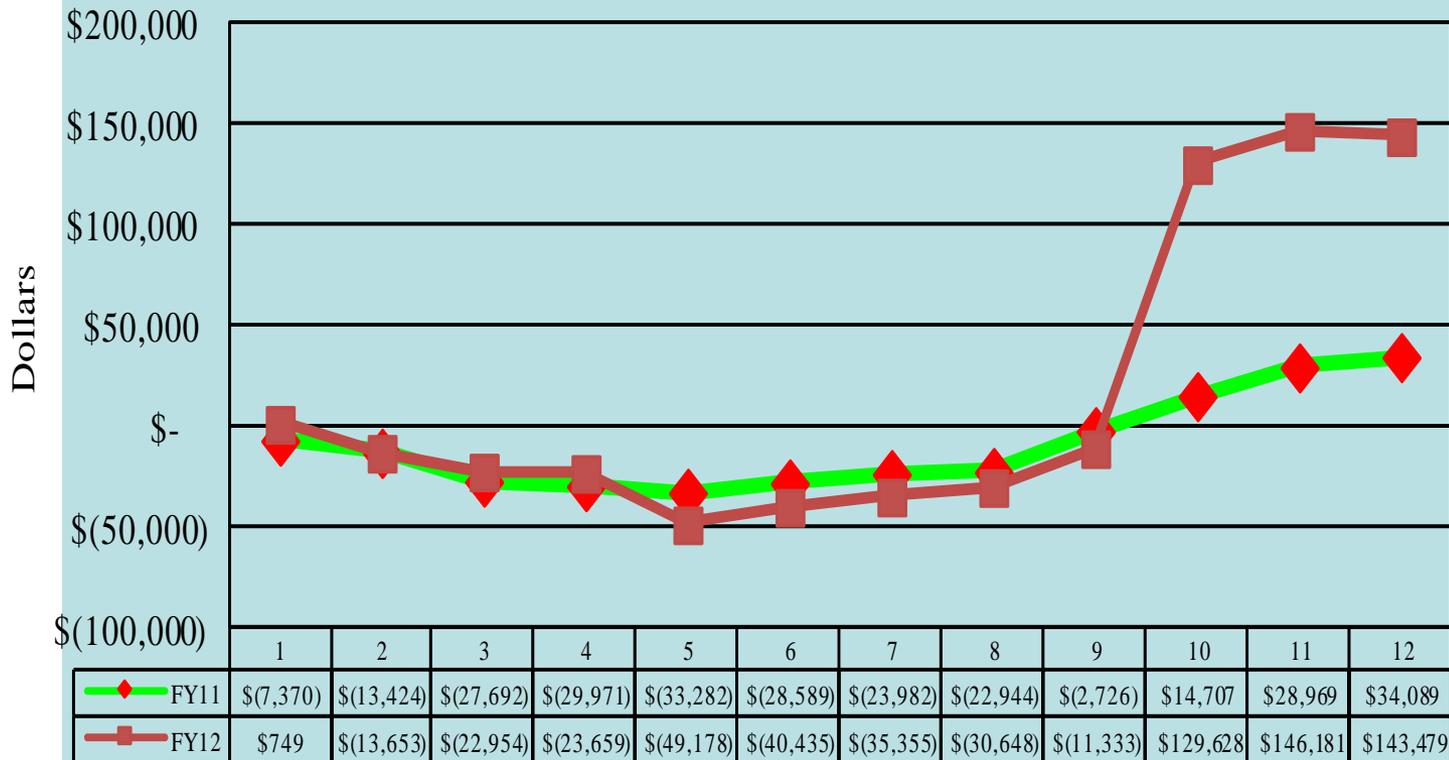
Write-off to the Business Enterprise Fund	\$ 6,627
Return of softball T-shirt purchases	605
Correction of erroneous error in CDC	(160)
Record bonuses P/R taxes for 2010	827
Write-off stale 2011 checks	<u>(143)</u>
	\$ 7,756

Had these items been recorded correctly in the prior year, the beginning net assets would have been \$7,756 less.

The prior period adjustments for 2011 consisted of entries made by the client to adjust accrued leave for \$18,055 and adjust volleyball accounts payable for \$4,690. Had these items been recorded correctly in the prior year, the beginning net assets would have been \$22,745 less.



## Exchange Cumulative Net Income October-September 2010 and 2011





# LaRC EXCHANGE

## Fiscal Year 2012

### Capital Improvements



<b>PRIORITY</b>	<b>Activity</b>	<b>Cost</b>	<b>Projected Purchase Description</b>
1	<b>LaRC CDC</b>	\$10,000	Recycled Mulch placed in Playground. Toddler playground equipment upgrades rolled over to 2013.
2	Exchange	\$2,400	Time clocks purchased
3	<b>Food and Beverage</b>	\$5,000	Furniture, Fixture, equipment replacements not required.
	<b>TOTAL</b>	<b>\$17,400</b>	



## LaRC Exchange Operations Overview



### **2012 Major Accomplishments & Challenges**

- Child Development Center move to one main building with 82 children capacity in June 2012.
- LCDC business based actions required to reduce labor with lower enrollment.
- LCDC financial recovery continued with positive operational income before depreciation.
- Implemented new Exchange consolidated time and attendance system that uploads into ADP payroll.
- Exchange managers and individual employee now have secure online access to leave and earnings.
- Recovered \$124.9K from previous fraudulent activity.



# LaRC Exchange Operations Overview

## 2012 Major Accomplishments & Challenges



- New Exchange Services Manager hired for Financial accounting.
- New Catering Manager hired in August while revamping and separating the catering program Cafeteria per audit findings.
- Improve online Peachtree records for each activities customers, vendors, and inventory.
- Completed consolidation to one Business account with Langley Federal Credit Union improving effective and efficient daily bank and management.
- Upgraded accounting automated system to Sage 50 along with ACCUpos point of sale.
- New annual check list for activities established as self assessment of internal controls.
- Completed independent Internal control Audit in September 2012 (see report).



# LaRC Exchange Operations Annual Operating Plan FY 2013



Revenues	Service Office	LCDC	Cafeteria	Exc. Shop	Catering	Social Lounge	Consol. Exchange
Sales Revenues			\$ 790,800	\$ 89,100	\$ 95,700	\$ 67,900	\$ 1,043,500
COGS			348,750	46,000	32,900	27,300	454,950
<b>Gross Inc from Sales</b>	-	-	442,050	43,100	62,800	40,600	588,550
Other Income	\$ 86,234	\$ 682,500	-		19,000	-	768,734
<b>Total Revenue</b>	\$ 86,234	682,500	790,800	89,100	114,700	67,900	1,812,234
<b>Gross Income</b>	\$ 86,234	\$ 682,500	\$ 442,050	\$ 43,100	\$ 81,800	\$ 40,600	\$ 1,294,484
<b>Expenses</b>							
Labor	\$ 79,320	\$ 489,944	\$ 327,641	\$ 10,400	\$ 38,000	\$ 8,146	\$ 953,451
Operating Expenses	75,219	160,782	99,658	10,930	25,726	5,590	377,905
<b>Total Expenses</b>	154,539	650,726	427,299	21,330	63,726	13,736	1,331,356
<b>Net Income(loss)Before Dep.</b>	(68,305)	31,774	14,751	21,770	18,074	26,864	26,854
Depreciation	17,304	9,450	4,000	700	1,800	35	33,289
Extraordinary Income	19,000						19,000
<b>Net Income(loss)</b>	\$ (66,609)	\$ 22,324	\$ 10,751	\$ 21,070	\$ 16,274	\$ 26,829	\$ 14,365
Percentage Goals	-77.2%	3.3%	1.4%	23.6%	14.2%	40%	0.8%

**FY12 LaRC Exchange Focus is on!**



# LaRC EXCHANGE 2013

## Major Budget Impacts



- **Group Insurance has been budgeted for 11% increase.**
- **Beverage/Snack vending and Laundry concessions to be re-competed.**
- **Expand Fitness Center hours 3 days per week**
- **Extraordinary Income is based on Restitution Income and Employer tax reimbursement income.**
- **LCDC tuition rate based on Flat Monthly rate for each age group**
- **No more \$110 deposit if parent make direct payroll deduction.**
- **Food and beverage cost anticipated to increase resulting in some price increases.**
- **Maintain cost of goods percentages by using MWR region contract with US Foods.**



# LaRC EXCHANGE

## Fiscal Year 2012

### Capital Improvements



<b>PRIORITY</b>	<b>ROI Years</b>	<b>Activity</b>	<b>Cost</b>	<b>Projected Purchase</b>	<b>Description</b>
3	10	<b>LaRC CDC</b>	\$10,000	2th qtr	Age appropriate playground equipment
2	5	<b>Exchange Services</b>	\$15,000	3rd qtr	POINT of SALES REGISTERS 3 Café Dining, 1 Social Lounge, 1 CAFE
1	5	<b>Food &amp; Beverage</b>	\$5,000	4 <sup>th</sup> qtr	Emergency replacement/repair equipment as required.
		<b>TOTAL</b>	<b>\$30,000</b>		



# LaRC EXCHANGE

## Years 2011-2016

### Future Projects Plans



- FY2013 - Consolidate all LCDC Care classes into Building 1231c
- FY 2014 - COF projected for construction of new Cafeteria/Exchange Shop/Exchange Administrative Offices in New Town Integrated Services Facility
- FY 2015 - Refurbishing of the gym floor \$100K
- FY 2016 - Resurface/repair tennis/basketball court \$120K
- FY 2016 - Gymnasium divider curtain divider 100K
- FY 2017 - Upgrade gym and athletic fields with fencing and drainage cost TBD