



NASA Langley Research Center Exchange

2014 Annual Report & 2015 Business Plan

Your First Choice – LaRC Exchange
Visit us at <http://larc-exchange.larc.nasa.gov/>



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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

Total Liabilities and Net Assets



ASSETS	<u>2014</u>	<u>2013</u>
<i>Current Assets</i>		
Cash and Cash Equivalents (Note 2)	\$ 256,704	\$ 211,756
Accounts Receivable (Note 3)	37,590	7,702
Inventories (Note 4)	44,551	34,151
Prepaid expenses (Note 5)	9,994	16,655
Investments (Note 6)	<u>199,950</u>	<u>249,892</u>
Total Current Assets	<u>\$ 548,790</u>	<u>\$ 520,156</u>
Net Property and Equipment (Note 7)	<u>211,444</u>	<u>241,628</u>
TOTAL ASSETS	<u>\$ 760,234</u>	<u>\$ 761,784</u>
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts Payable (Note 8)	\$ 63,304	\$ 41,149
Accrued Expenses (Note 9)	67,262	68,821
Unearned Revenue (Note 10)	2,803	2,424
Security Deposits (Note 11)	3,300	3,507
Other Liabilities (Note 12)	<u>14,112</u>	<u>6,924</u>
Total Current Liabilities	<u>\$ 150,781</u>	<u>\$ 122,825</u>
<i>Net Assets</i>		
Unrestricted	\$ 609,453	\$ 638,959
Temporarily Restricted	0	0
Permanently Restricted	<u>0</u>	<u>0</u>
Total Net Assets	<u>\$ 609,453</u>	<u>\$ 638,959</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 760,234</u>	<u>\$ 761,784</u>



LaRC EXCHANGE OPERATIONS

Consolidated Financial Status



	2014	2013
REVENUES		
Sales, Program Income and Commissions	\$ 1,534,599	\$ 1,569,714
COST OF GOODS SOLD		
Beginning inventory	\$ 34,151	\$ 31,590
Purchases	417,608	359,500
Goods available for sale	451,759	391,090
Less: Ending inventory	44,551	34,151
Cost of Goods Sold	\$ 407,208	\$ 425,241
GROSS PROFITS	\$ 1,127,391	\$ 1,144,472
Operating Expenses	1,137,230	1,275,991
Gain (Loss) from Operations	\$ (9,838)	\$ (131,519)
Other Revenue (Expenses)		
Miscellaneous	7,335	1,745
Interest and dividends	326	1,251
U.S. Department of Agriculture - National School Lunch Program	9,832	10,906
Realized and unrealized losses on investments	635	(440)
Total Other Revenue	18,128	13,462
CHANGES IN NET ASSETS	\$ 8,290	\$ (118,057)
Extraordinary Item (Note 13)	(37,796)	9,784
NET ASSETS, September 30, 2013	638,959	747,232
NET ASSETS, September 30, 2014	\$ 609,453	\$ 638,959



LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

YTD Sept. 30, 2014



Financial Indicators and Business Indicators	STANDARD	BUDGET/TARGET AMOUNT	PREVIOUS YTD Sept 13		ASSESSMENT ACTUAL YTD ACHIEVED		(PROFIT) (VARIANCE)	REMARKS/COMMENTS
EAA/Admin. Office NI& BUDGET VAR	> 0 ±15%	-99.99	-\$95.6	-0.03%	-\$98.5	-0.01%	R G	Vending revenues continue to go down with facility closures and smaller market.
CHILD DEV. CENTER NI & BUDGET VAR	> 0 ±15%	.88	-\$69.4	-1000%	\$.1	-89%	G R	Total revenues down by with enrollment reduction to 62 with capacity of 78. Labor reduced to obtain breakeven.
FOOD AND BEVERAGE NI & BUDGET VAR	> 0 ±15%	80.3	\$35.7	+52%	\$54.1	-33%	G R	Revenues decreases due to reduced furlough. 41% overall COGs. Cafeteria losses of 3.3K offset by Catering and Social Lounge
EXCHANGE SHOP NI & BUDGET VAR	> 0 ±15%	19.2	\$21.0	-30%	\$14.8	23%	G G	The revenues down by \$9.3K due to furlough days and 8 days of center closures due to weather.
Exchange Fund Net Income & Budget Variance	> 0 ±15%	.474	-\$108.3	-73%	-\$29.5	-5800%	R R	Losses attributed to decline in revenues for Child Care, Vending and Food & Beverage and furlough and bad weather closures that cost over \$37 K.
ACID TEST RATIO Ability to pay bill in 30 Days	>1:1	2.1:1	2.7:1		2.3:1		G	Quick cash is \$256,704, AR \$37,590 current assets \$348,839. Total liabilities \$150,781 as of September 30, 2014.
CASH TO DEBT RATIO Cash + Current & L. RANGE Investments / total liabilities	>1:1 <2:1	2:1	4:1		3.6:1		G	Manageable Cash Assets on hand \$548,790.
CI EXECUTION RATE 70 % OF BUDGET	70%	\$18K	86 %		22 %		G	Improvements budgeted at 18K. \$4k execution as of Sept 30, 2013 for Picnic tables and buffet warmer. CPMC was controlled due to Furlough expenses.

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%



Exchange Cumulative Net Income October-September 2013 and 2014





LaRC EXCHANGE OPERATIONS

FY 2014 Financial Statements by Activity



Revenues`	EAA - Admin	CDC	Food & Bev *	Exc. Shop	Consol. Exchange
Sales & Commissions	\$67,276	\$508,123	\$883,087	\$75,915	\$1,534,401
COGS			\$363,889	\$43,319	\$407,208
Gross Inc from Sales			\$519,198	\$43,346	\$1,127,193
Gross Income from operations	\$67,276	\$508,123	\$519,198	\$32,597	\$1,127,193
Expenses					
Labor	\$84,615	\$434,173	\$356,198	\$8,518	\$883,504
Operating Expenses	\$66,614	\$58,110	\$84,186	\$8,171	\$217,081
Total Expenses	\$151,229	\$492,283	\$440,384	\$16,689	-\$1,100,585
Total Other Revenues (expenses)	\$5,763	\$11,588	\$776	-	+\$18,127
Net Income(loss) Before Depreciation	(\$78,190)	\$27,428	\$79,590	\$15,908	\$44,736
Depreciation	16,509	\$9,320	\$10,130	\$686	-\$36,645
Net Income/(Loss) for FY 14	(\$94,699)	\$18,108	\$69,460	\$15,222	+\$8,091
Extraordinary Item /Prior Year Adjust	-\$3,838	-\$18,017	-\$15,327	-\$415	-\$37,597
Net change in Assets (Loss)	(\$98,537)	\$91	\$54,133	\$14,807	=\$29,506



LaRC EXCHANGE OPERATIONS

Cash Flow FY13 & 14



	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 8,290	\$ (118,057)
Adjustments to reconcile net income (Loss) to net cash provided by (used in) operating activities		
Depreciation	36,646	35,394
Extraordinary Item (Note 13)	(37,796)	9,784
(Increase) decrease currents assets		
Accounts receivable	(29,888)	13,691
Inventories	(10,400)	(4,222)
Prepaid expenses	6,661	(2,256)
Increase (decrease) current liabilities		
Accounts payable	22,155	5,735
Accrued expenses	(1,559)	(12,789)
Unearned revenue	378	404
Security deposits	(207)	(3,423)
Other liabilities	7,188	80
	<u>\$ 1,469</u>	<u>\$ (75,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of expendable equipments	(6,462)	(25,292)
Net purchase of investments	49,942	(49,560)
Net Cash Provided by (Used in) Investing Activities	<u>43,480</u>	<u>(74,852)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided by (Used in) Financing Activities	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH	\$ 44,948	\$ (150,511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>211,756</u>	<u>362,267</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 256,704</u>	<u>\$ 211,756</u>



LaRC EXCHANGE OPERATIONS

Cash Flow FY13 & 14 (continued)



Note 13: Extraordinary Items

In October 2013, the US Government experienced a shutdown which impacted the Exchange operating activities sales. The gift shop, vending machines and cafeteria were impacted. The effect of the impact cause a decline in sales consequently the checking accounts balance decline with loss of revenue deposits for 17 days of non-operation. Certain essential employees were paid during the shutdown and recorded wages of \$37,796 as extraordinary expenses.

During the year ending September 30, 2013, the Exchange received \$9,784 in restitution payments 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 disbursements.



LaRC EXCHANGE

Fiscal Year 2014

Capital Improvements



PRIORITY	Activity	Estimated Cost	Projected Purchase	Description
2	Cafeteria	\$5,000	3rd Qtr.	Replacement Furniture, Fixture, equipment
1	Exchange Services	\$5,000	2nd r	POINT of SALES REGISTERS Software for Child care and new Café
3	Catering equipment	\$8,000	4th Qtr.	Replacement FF&E Grills, steam table
	TOTAL	\$18,000		

Capital improvements planned for new Point of Sales Cash registers cancelled due to vendor provided register and furlough expenses.

Replacement FFE executed for picnic tables and buffet warmers.



LaRC Exchange Operations Overview



2014 Major Accomplishments & Challenges

- Transitioned to New IESB Cafeteria, Social Lounge, Exchange Store and Conferencing facility in September 2014.
- Cafeteria Prior year annual loss of \$10,566 reduced to loss of \$3,384 despite no parking, closures for furlough, 8 plus days of closures for climate weather, reduced equipment and menu items during July-September IESB construction/move,
- Social Lounge net income was \$25,032 despite closures.
- Catering improved profits to \$32,485 exceeding prior year profit of \$19,227.
- Awarded new multi-year self service Micro-Market Splashdown Café to Aramark with initial income in FY15 of \$15K.
- AccuPOS Cash register now operational in Social Lounge to improve cash accountability and use of loyalty/Credit cards.
- Randolph-Sheppard Act supported with payment of \$5209.
- NASA Employee 2014 morale support subsidies were \$9885



LaRC Exchange Operations Overview

2014 Major Accomplishments & Challenges



- Child Development erased a prior year loss with a break even net income of \$91.
- Formulated a LCDC Futures Team completed a thorough review of Child Care Services best business model based current and future demands and center demographics that documented it as a valuable service for center employees.
- Loretta Cak, new Langley Child Development Center (LCDC) Director was hired in July 2014.
- Child Development Center enrollment rebounded from 59 spaces to 72 spaces during FY14.
- Re-Certified at three star level under Virginia Star Quality Initiative
- Negotiated the transition of 401K Broker management from Penact to ADP expanding employee investment from 4 to over 16 investment options while reducing administrative burden.
- Transitioned in January 2014 Exchange employees' Health Benefit Plan from Optima to Marketplace services under Affordable Health Care Act.
- Closure during the furlough totaled \$37,796 which did not have offsetting revenues.



NASA Langley Research Center Exchange FY15 Operating Plan



Revenues	Service Office	LCDC	Cafeteria	Exc. Shop	Catering	Social Lounge	Consol. Exchange
Sales Revenues			\$ 826,100	\$ 81,400	\$ 92,700	\$ 60,741	\$ 1,060,941
COGS			329,252	52,910	15,502	20,943	418,607
Net Inc from Sales	-	-	496,848	28,490	77,198	39,798	642,334
Other Income	84,040	627,745	12,500	5,941	11,651	360	742,237
Total Revenue	84,040	627,745	838,600	87,341	104,351	61,101	1,803,178
Gross Income	\$ 84,040	\$ 27,745	\$ 509,348	\$ 34,431	\$ 88,849	\$ 40,158	\$ 1,384,571
<u>Expenses</u>							
Labor	\$ 88,120	\$ 505,345	\$ 418,996	\$ 10,761	\$ 55,537	\$ 12,985	\$ 1,091,744
Operating Expenses	63,290	100,547	57,377	6,305	3,085	1,511	232,115
Total Expenses	151,410	605,892	476,373	17,066	58,622	14,496	1,323,859
Net Income(loss)Before Dep.	(67,370)	21,853	32,975	17,365	30,227	25,662	60,712
Depreciation	17,700	10,008	-	264	-	730	28,702
Extraordinary Income							
Net Income(loss)	\$ (85,070)	\$ 11,845	\$ 32,975	\$ 17,101	\$ 30,227	\$ 24,932	\$ 32,010
Percentage Goals	-101.2%	1.9%	3.9%	19.6%	29.0%	41%	1.8%



LaRC EXCHANGE 2015

Major Budget Impacts



- Cafeteria budgeted to offer Al la Carte style dining.
- Cafeteria offering more health conscious and special dietary needs for workforce. (Cholesterol, Gluten, Lactose, etc.)
- New fresher produce with local provider.
- LCDC monthly price increases to for infants in 2015 as follows: Infants \$785, Toddlers \$690, Preschool \$615
- LCDC offering limited School Age Care during Holiday breaks.
- Summer Camp buildings are being demolished in FY15 resulting in reducing the ages and availability for summer camp program.
- LCDC budgeted to improve classroom activities through teacher's use of IPADS.
- New Micro Market Splashdown budgeted at 15K in commissions.
- Catering budget anticipated to expand food and beverage service for meetings and conference functions in new IESB.
- Beverage vending to be re-negotiated in FY2015.



LaRC EXCHANGE Fiscal Year 2015 Capital Improvements



Activity	Cost	Projected Purchase	Description
Tadpoles.com	\$2,530	Nov/Dec 2015	iPad minis, protective cases, secure storage/charging container
FFE Food and Beverage	\$5,000		Emergency replacement for food equipment
Additional Mulch and playground refurbishing	\$5,000	tbd	Increase resilient surfacing to 6" in fall zones
Divider in Classroom	\$1,300	Oct-14	Kydzsuite wood/plexiglass divider for classroom. Maintains max group size of 14, while maximizing square footage for higher enrollment.
Cribs	\$4,000		Replacement
TOTAL	\$17,830		



LaRC EXCHANGE

Years 2016-2020

Future Projects Plans



- FY 2017 - Refurbishing of the gym floor \$100K
- FY 2018 - Resurface/repair tennis/basketball court \$120K
- FY 2019 - Gymnasium divider curtain divider 100K
- Out Years – Refurbish Fitness and Athletic fields with fencing and drainage cost TBD



Exchange Management and Council

OUM Oversight – David LeDoux, Director, OHCM



Exchange Position Name Center Organization or Title

Council Chair	Karen Koch- voting	Deputy Director, Office of Human Capital Management
Treasurer	Damon Sheaffer- Voting	Office of Chief Financial Officer
Member-at-Large	Edward Glaessgen, voting	Research Directorate
Member-at-Large	Grant Watson-voting	Director, Safety and Mission Assurance
Member-at-Large	Lisa Harvey-voting	Office of Procurement
Member-at-Large	Cathy Mangum-voting	Center Operations Directorate
Legal Advisor	Ken Goetzke Mona Williams	Office of Chief Counsel
CFO Advisor	Jimmy Carson	Office of Chief Financial Officer
Exchange Managers	Randy Cone Donna Kelly Steve Francisco Travis Walker Loretta CaK	Exchange Operations Manager Exchange Services Office Cafeteria Manager/Chef Catering/Chef Social Lounge Manager. Child Development