



NASA Langley Research Center Exchange
NASA

Your First Choice – LaRC Exchange

Visit us at <http://larc-exchange.larc.nasa.gov/>



LaRC Exchange Operations Table of Contents



- Mission/Vision – **Chart 3**
- LaRC Exchange Consolidated Financial Position and FY 2011 Activity Operating Results – **Charts 4-7**
- FY 2010 & 2011 Cash Flows – **Chart 8**
- FY 2011 Capital Improvements Plan – **Charts 9**
- FY 2011 Major Accomplishments /Challenges – **Charts 10-14**
- FY 2012 Operating Budget, Major Impacts, and Capital Improvements Plans – **Charts 15-18**



LaRC Exchange Operations Overview

Mission & Vision



- The Exchange Mission is to provide products, services, and activities that promote and enhance the 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,

2011

2010

Assets

Current assets

Cash and cash equivalents	\$	386,592	\$	388,884
Accounts receivable		21,752		17,074
Due from club accounts		-		4,686
Inventories		36,973		45,410
Prepaid expenses		14,983		30,777
Investments		-		15,604

Total current assets

460,300

502,435

Property and equipment - net

278,621

309,203

\$ 738,922 \$ 811,638

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	38,619	\$	41,237
Accrued expenses		89,266		97,119
Unearned revenue		160		5,543
Security deposits		7,810		10,780

Total current liabilities

135,855

154,679

Net assets

Unrestricted

603,067 656,959

\$ 738,922 \$ 811,638



LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

YTD Sept. 30, 2011



Financial Indicators and Business Indicators	STANDARD	BUDGET/TARGET AMOUNT	PREVIOUS YTD Sept 10	ASSESSMENT ACTUAL YTD ACHIEVED	(PROFIT) (VARIANCE)	REMARKS/COMMENTS
EAA/Admin. Office NI& BUDGET VAR	> 0 ±15%	-28.4	-35.1 +23.6	-54.3	23.6%	 Comments: Fitness Center income \$10,920 Randolph-Sheppard pay-out \$3,785 in FY10
CHILD DEV. CENTER NI & BUDGET VAR	> 0 ±15%	19.1	-51.3 -270%	-14.5	-270%	 Comments: Total revenues -121K impacted by reduced enrollment. Labor reduced by 104K from FY10.
FOOD AND BEVERAGE NI & BUDGET VAR	> 0 ±15%	13.3	53 +298%	82.5	+298%	 Comments: Cafeteria revenues of 910.7K resulted in record profit for the operation.
EXCHANGE SHOP NI & BUDGET VAR	> 0 ±15%	3.5	9.6 +174%	20.3	+174%	 Comments: The revenues were \$18.6K higher than FY10.
Exchange Fund Net Income & Budget Variance	> 0 ±15%	7.5	23.8 -362%	34.1	-362%	 Comments: Net income from operations results due to control loss in CDC through reduce labor while maximizing profit for Food and Bev. and Ex. Shop. Prior year adjustment -22.7K and Extraordinary expense of \$65.2K results in -\$53.9K net assets.
ACID TEST RATIO Ability to pay bill in 30 Days	>1:1	2.1:1	2.5:1	3.0:1		 Comments: Quick cash is \$386,592, AR \$21,752 current assets \$408,344 Total liabilities \$135,855
CASH TO DEBT RATIO Cash + Current & L. RANGE Investments / total liabilities	>1:1 <2:1	2:1	2.9:1	2.9:1		 Comments: Manageable Cash Assets on hand \$460,300 . Note insurance claim of \$225K submitted not included in FY11 receivables against prior year and Extraordinary losses.
CI EXECUTION RATE 70 % OF BUDGET	70%	\$12.7	41.9 %	12.5 %		 Comments: Capital Improvements budgeted at 20K. \$2.5K execution as of Sept 30, 2011. Delays in execution due to financial uncertainty

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 2011 Financial Statements by Activity



Revenues`	EAA - Admin	CDC	Food & Bev	Exc. Shop	Consol. Exchange
Sales & Commissions	\$62,200	\$795,721	\$910,743	\$98,877	\$1,867,542
COGS			\$453,304	\$60,810	\$514,114
Gross Inc from Sales			\$457,440	\$38,067	\$1,353,428
Gross Income from operations	\$62,200	\$795,721	\$457,440	\$38,067	\$1,353,428
Expenses					
Labor	\$69,725	\$689,167	\$314,825	\$13,183	\$1,086,900
Operating Expenses	\$21,492	\$130,869	\$57,248	\$3,701	\$213,311
Total Expenses	\$91,217	\$820,036	\$372,073	\$16,884	\$1,300,211
Total Other Revenues (expenses)	(\$9,279)	\$20,083	\$3,699	(\$184)	\$14,320
Net Income(loss) Before Depreciation	(\$29,017)	(\$4,232)	\$89,066	\$20,999	\$67,537
Depreciation	\$15,999	\$10,234	\$6,528	\$687	\$33,448
Net Income/(Loss) for FY 11	(\$54,137)	(\$14,466)	\$82,538	\$20,312	\$34,089
Extraordinary /Prior Year Adjust	(\$29,498) (\$4,842)	(\$28,198) (\$16,151)	0 0	(\$7,539) (\$1,752)	(\$65,236) (\$22,745)
Net change in Assets (Loss)	(\$88,477)	(\$58,815)	\$82,538	\$11,708	(\$53,892)



LaRC EXCHANGE OPERATIONS

Cash Flow FY10 & 11



Statements of Cash Flows

Years Ended September 30,	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 34,089	\$ (23,842)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	33,504	31,900
Extraordinary Item (note 7)	(65,236)	-
Prior period adjustment	(22,745)	-
(Increase) decrease in accounts receivable	(4,678)	18,030
(Increase) decrease in due to/from club accounts	4,686	3,801
(Increase) decrease in unearned revenue	(5,383)	2,137
(Increase) decrease in security deposits	(2,970)	(330)
(Increase) decrease in prepaid assets	15,793	(17,282)
(Increase) decrease in inventories	8,437	(3,332)
Increase (decrease) in accounts payable	(2,618)	(3,032)
Increase (decrease) in other accrued liabilities	(7,853)	6,527
Total Adjustments	(49,062)	38,419
Net Cash Provided by (Used in) Operating Activities	(14,973)	14,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of certificate of deposit	15,604	10,106
Purchases of expendable equipment	(2,923)	(7,584)
Net Cash Provided by (Used in) Investing Activities	12,681	2,522
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,292)	17,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	388,884	371,785
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 386,592	\$ 388,884



Exchange Cumulative Net Income October-September 2010 and 2011





LaRC EXCHANGE

Fiscal Year 2011

Capital Improvements



b	ROI				
PRIORITY	Years	Activity	Cost	Projected Purchase	Description
3	10	LaRC CDC	\$10,000	4th qtr	Playground age appropriate replacements and upgrades placed on hold until 2012.
2	5	LaRC CDC	\$5,000	3rd qtr	Furnishing/area rugs for building 1231 at cost of \$2.5K
1	5	Food & Beverage	\$5,000	4 th qtr	Upgrade lounge/Emergency replacement/repair equipment as required. Not executed.
		TOTAL	\$20,000		



LaRC Exchange Operations Overview



2011 Major Accomplishments & Challenges

- LCDC Obtained Virginia Star Quality Rating of 3 Stars
- Completed MWR bottom up review for Child Development reduction in facilities by September 2013 to one main facility based on smaller enrollment.
- The Cafeteria had another excellent year with a profit of \$82.5K.
- Discovery of fraudulent activity resulting in extensive review of all records.
- Following charts outline steps to prevent future occurrence and improve financial controls.



2011 Major Accomplishments & Challenges

Exchange Internal Control Initiatives



- Segregation of duties on banking, purchasing, accounting, cash management, payroll and Time and Attendance.
- Monthly online of Bank Statements available to Treasurer and Exchange Manager. Statement reviewed and provided copy provided to Exchange Services/Accounting Manager
- Improve online Peachtree records for each activities customers, vendors, and inventory.
- Disinterested accountant obtained to improve bank reconciliation, monthly end close out checklist, and consolidate business accounts in Peachtree Accounting from 4 to 1 Exchange.

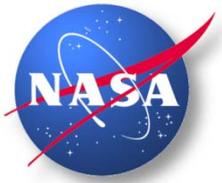


2011 Major Accomplishments & Challenges

Payroll Improvements



- Upgrade of ADP Payroll services with increase visibility, reviews and approvals by all managers.
- Upgrade to ADP Workforce Now - First Payroll input conducted Aug 2, 2011.
- Improved ability to review gross wages and payroll distribution with actual payroll bank withdrawals.
- Exchange Manager/ Treasure to only have access for payroll pay rate changes as administrator.
- Offers real time review by OCFO Treasurer, Exchange Manager, Activity Managers
- Trained for Managers July-September 2011
 - Pay expert
 - ADP reports
 - Began improvements to daily time and attendance to feed into ADP payroll services



2011 Major Accomplishments & Challenges

Banking Improvements



- Cancelled all compromised American Express Credit Cards and Bank Debit Cards
- New Business Account Credit Cards issued with requirement of managers to review and sign control policy/procedures.
- Old compromised bank account closed and new bank account opened April 18, 2011.
- New blank check stock ordered and controlled with duplicate for each check printed to improve accounting for each check .
- Only Exchange Manager/Treasurer sign checks with all supporting documentation.
- Exchange manager reviews Credit card use against Peachtree purchase entries, invoices, and receiving reports signed by managers and accountant.
- Managers required to review monthly expenses in Peachtree.
- New October 1, 2011 consolidated Business account with LFCU will reduce transport of cash off center, reduces from two operating accounts to one.



2011 Accomplishments & Challenges

Peachtree Accounting Improvements



- Laid ground work for one Exchange Consolidated Business Accounting on Oct 1, 2011
- Activities within business- Food and Beverage, Child Development, Exchange Shop, Services Office
- Departments under Activities
 - Administration department for all activities
 - Bar, Dining, Café, Catering
 - Infant Care, Toddler Care, Preschool, CDC Kitchen, Summer Camp
 - Shop Retail Sales/Other operating income
 - Vending, Special Events, Exchange Activities
- Department now separates cost out for more efficient and effective reviews



LaRC Exchange Operations Annual Operating Plan FY 2012



Revenues	Service Office	LCDC	Food & Bev	Exc. Shop	Consol. Exchange
Sales Revenues			\$ 899,675	\$ 87,495	\$ 987,170
COGS			392,570	57,773	450,343
Gross Inc from Sales		-	507,105	29,723	536,828
Other Income	\$ 70,345	\$ 727,319			797,664
Total Revenue	70,345	727,319	899,675	87,495	1,784,834
Gross Income	\$ 70,345	\$ 727,319	\$ 507,105	\$ 29,723	\$ 1,334,491
Expenses					
Labor	\$ 62,402	\$ 577,608	\$ 418,854	\$ 12,985	\$ 1,071,849
Operating Expenses	38,059	131,534	62,236	3,880	235,710
Total Expenses	100,461	709,142	481,090	16,865	1,307,559
Net Income(loss)Before Dep.	(30,116)	18,176	26,015	12,857	26,932
Depreciation	15,999	9,373	6,528	687	32,587
Net income from Operations	(46,115)	8,804	19,487	12,170	(5,654)
Extraordinary Non-Operational Inc.	30,000	28,198		7,539	65,737
Net Income(loss)	\$ (16,115)	\$ 37,002	\$ 19,487	\$ 19,709	\$ 60,083
Percentage Goals	-22.9%	5.1%	2.2%	22.5%	3.4%

Note : Extraordinary Non-Operational income is anticipated from insurance recovery for extraordinary expenses in FY11.

FY12 LaRC Exchange Focus is on re-building asset controls and accountability !



LaRC EXCHANGE 2012

Major Budget Impacts



- Starts One Exchange Business Accounting
- Begins consolidation of LCDC to 1 building by September 30, 2012.
- Discontinues use of trainers for summer camp.
- Reduces care capacity to approximately 85 children due to smaller market.
- Business based actions in CDC during 2011 to reduce number of employees due to lower enrollment.
- Increases Eco-Friendly products use and reduces use of Styrofoam cups, plates, and carry out.
- Increases use of Peachtree for booking, billing and accounting for foods, catering, and beverage inventory.
- Increases budget for Payroll and time and attendance tracking.
- Provides for improvements of playground, fitness equipment, and replacement equipment.



LaRC EXCHANGE

Fiscal Year 2011

Capital Improvements



			Projected Purchase Description
PRIORITY	Activity	Cost	
1	LaRC CDC	\$10,000	Playground equipment/furniture replacements/repairs
2	Exchange	\$5,500	Furniture, Fixture, equipment
	TOTAL	\$15,500	

FY12 LaRC Exchange Focus is on re-building asset controls and accountability !



LaRC EXCHANGE

Years 2011-2016

Future Projects Plans



- FY2012 - Transition Peachtree Accounting to new server
- FY2012 - Repair Reid Center Playground with recyclable mulch, repairs
- FY 2014 - COF projected for construction of new Cafeteria/Exchange Shop/Exchange Administrative Offices in New Town Integrated Services Facility
- FY2013 - Consolidate all LCDC Care classes into Building 1231c
- FY 2013 - Refurbishing of the gym floor \$100K
- FY 2014 - Gymnasium divider curtain divider 100K
- FY 2014 - Resurface/repair tennis/basketball court \$120K
- FY 2015 - Upgrade gym and athletic fields with fencing and drainage cost TBD