



NASA Langley Research Center Exchange

2015 Annual Report & 2016 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 FY 14/15



	2015	2014
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents (Note 2)	\$ 548,781	\$ 256,704
Accounts Receivable (Note 3)	16,186	37,590
Inventories (Note 4)	47,875	44,551
Prepaid expenses (Note 5)	13,531	9,994
Investments (Note 6)	0	199,950
Total Current Assets	\$ 626,372	\$ 548,790
Net Property and Equipment (Note 7)	168,748	211,444
TOTAL ASSETS	\$ 795,120	\$ 760,234
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts Payable (Note 8)	\$ 54,824	\$ 63,304
Accrued Expenses (Note 9)	70,934	67,262
Unearned Revenue (Note 10)	7,020	2,803
Security Deposits (Note 11)	3,270	3,300
Other Liabilities (Note 12)	17,340	14,112
Total Current Liabilities	\$ 153,388	\$ 150,781
<i>Net Assets</i>		
Unrestricted	\$ 641,733	\$ 609,453
Temporarily Restricted	0	0
Permanently Restricted	0	0
Total Net Assets	\$ 641,733	\$ 609,453
TOTAL LIABILITIES AND NET ASSETS	\$ 795,120	\$ 760,234



LaRC EXCHANGE OPERATIONS

Consolidated Financial Status FY 14/15



	2015	2014
REVENUES		
Sales, Program Income and Commissions	\$ 1,771,130	\$ 1,534,401
COST OF GOODS SOLD		
Beginning inventory	\$ 44,551	\$ 34,151
Purchases	492,448	417,609
Goods available for sale	536,999	451,759
Less: Ending inventory	47,875	44,551
Cost of Goods Sold	\$ 489,124	407,208
GROSS PROFITS	\$ 1,282,006	\$ 1,127,193
Operating Expenses	1,252,649	1,137,230
Gain (Loss) from Operations	\$ 29,357	\$ (10,037)
Other Revenue (Expenses)		
Miscellaneous	6,279	7,335
Interest and dividends	850	326
U.S. Department of Agriculture - National School Lunch Program	12,604	9,832
Realized and unrealized losses on investments	50	635
Total Other Revenue	19,782	18,128
Changes in Net Assets Before Extraordinary Item and Prior Period	\$ 49,140	\$ 8,091
Extraordinary Item (Note 14)	(14,475)	(37,796)
Prior Period Adjustment (Note 15)	(2,385)	198
CHANGES IN NET ASSETS	\$ 32,280	\$ (29,506)
NET ASSETS, SEPTEMBER 30, 2014	609,453	638,959
NET ASSETS, SEPTEMBER 30, 2015	\$ 641,733	\$ 609,453



LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

YTD Sept. 30, 2015



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%	\$-85.0	-\$98.5	-4.7%	\$103.1	-21%	R G	Extraordinary expense write-off of 14.5K resulted from facility demolitions.	
CHILD DEV. CENTER NI & BUDGET VAR	> 0 ±15%	\$11.8	\$.1	-515%	\$51.4	+335%	G R	Total revenues up \$55K. Labor reduced by \$18.8K to obtain annual profit for future reinvestment into program.	
FOOD AND BEVERAGE NI & BUDGET VAR	> 0 ±15%	\$86.4	\$54.1	-10%	\$48.6	-44%	G R	Sales improved \$107.8K @ 42.4% overall COGs. Cafeteria loss -\$3.7K offset by Catering and Lounge 53K	
EXCHANGE SHOP NI & BUDGET VAR	> 0 ±15%	\$17.1	\$14.8	+139%	\$35.4	+107%	G G	Revenues increased by 53.9K due to furlough days and 8 days of center closures due to weather.	
Exchange Fund Net Income & Budget Variance	> 0 ±15%	\$30.3	-\$29.5	+209%	\$32.28	+6.5%	G G	Net Income for 2015 attributed Exchange Store, Child Care improved annual enrollment and control of expenses revenues for Child Care.	
ACID TEST RATIO Ability to pay bill in 30 Days	>1:1	2.1:1	2.3:1	3.6:1			G	Quick cash is \$548,780, AR \$10,622 current assets \$626,372. Total liabilities \$153,388 as of September 30, 2014.	
CASH TO DEBT RATIO Cash + Current & L. Investments / total liabilities	>1:1 <2:1	2:1	4:1	4:1			G	Manageable Cash Assets.	
CI EXECUTION RATE 70 % OF BUDGET	70%	\$18K	22 %	41%			G	Improvements budgeted at 17.8K. \$7.3k executed as of Sept 30, 2014.	

PROFIT/LOSS

R=LOSING MONEY

G=MAKING MONEY

A=CONTROLLED LOSS

BUDGET VARIANCE

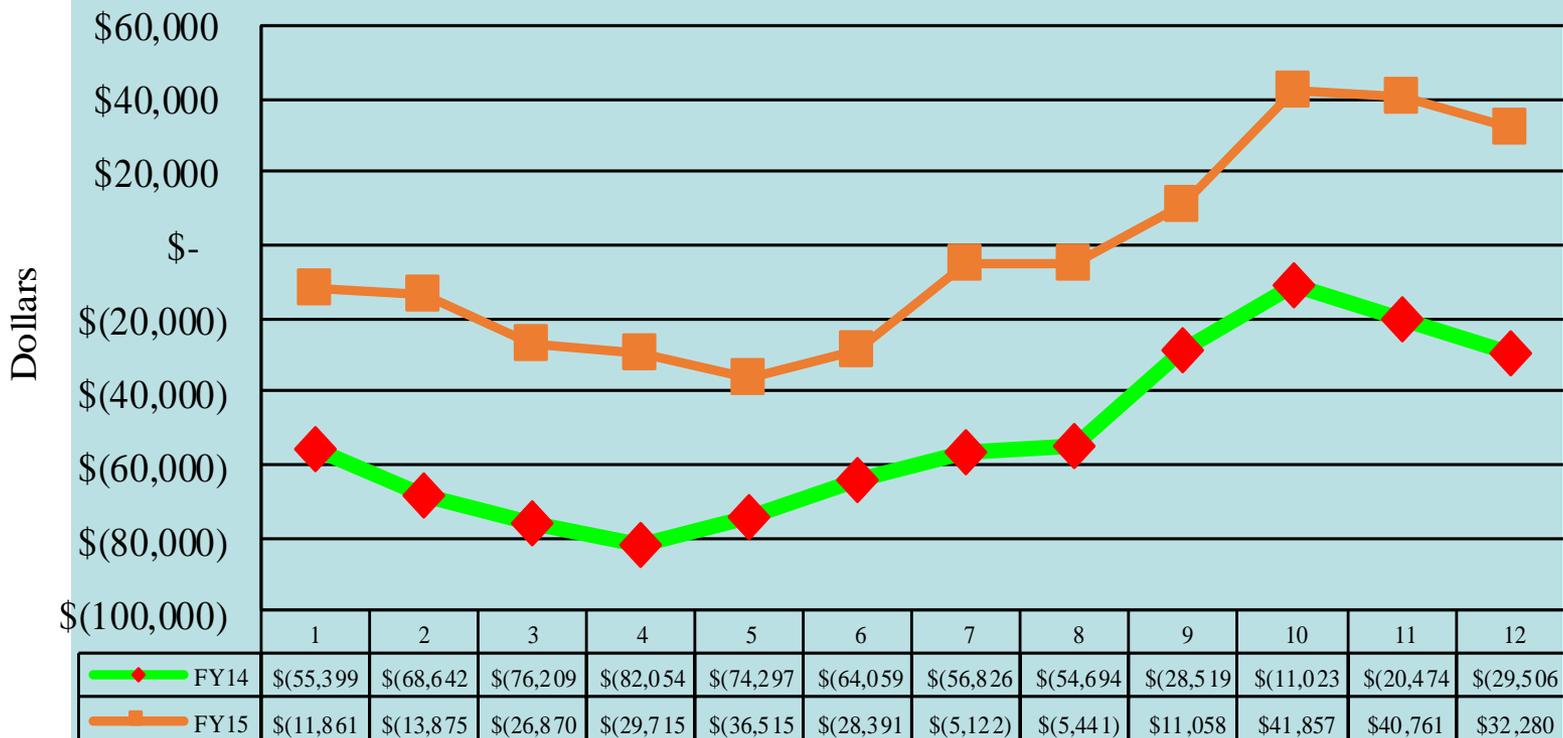
R=NEGATIVE OR VARIANCE >25%

G=POSITIVE NIBD & VARIANCE <16%

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



Exchange Cumulative Net Income October-September 2014 and 2015





LaRC EXCHANGE OPERATIONS

FY 2015 Financial Statements by Activity



Revenues`	EAA - Admin	CDC	Food & Bev *	Exc. Shop	Consol. Exchange
Sales & Commissions	\$87,263	\$563,156	\$990,916	\$129,795	\$1,770,130
COGS			\$420,623	\$68,501	\$489,124
Gross Inc from Sales			\$570,293	\$61,294	\$1,282,006
Gross Income from operations	\$87,263	\$563,156	\$570,293	\$61,294	\$1,282,006
Expenses					
Labor	\$77,461	\$378,022	\$328,483	\$8,792	\$792,758
Operating Expenses	\$84,556	\$139,237	\$186,481	\$16,443	\$440,109
Total Expenses	\$162,017	\$517,259	\$514,964	\$25,225	-\$1,232,867
Total Other Revenues (expenses)	2,580	\$13,454	\$3,748	-	+\$19,782
Net Income(loss) Before Depreciation	(\$72,174)	\$59,351	\$59,077	\$36,069	\$82,324
Depreciation	14,062	\$7,952	\$10,484	\$686	-\$33,185
Net Income/(Loss) for FY 14	(\$86,236)	\$51,400	\$48,593	\$35,383	\$49,140
Extraordinary Item /Prior Year Adjust	-\$16,860	0	0	0	-\$16,860
Net change in Assets (Loss)	(\$103,096)	\$51,400	\$48,593	\$35,383	\$32,280



LaRC EXCHANGE OPERATIONS

Cash Flow FY14 & 15



	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 32,280	\$ (29,506)
Adjustments to reconcile net income (Loss) to net cash provided by (used in) operating activities		
Depreciation	33,185	36,646
(Increase) decrease currents assets		
Accounts receivable	21,404	(29,888)
Inventories	(3,324)	(10,400)
Prepaid expenses	(3,536)	6,661
Increase (decrease) current liabilities		
Accounts payable	(8,479)	22,155
Accrued expenses	3,671	(1,559)
Unearned revenue	4,217	378
Security deposits	(30)	(207)
Other liabilities	3,228	7,188
Net Cash from Operating Activities	\$ 82,615	\$ 1,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of expendable equipments	\$ (4,964)	\$ (6,462)
Disposal of assets	14,475	0
Net purchase of investments	199,950	49,942
Net Cash Provided by (Used in) Investing Activities	\$ 209,462	\$ 43,480
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided by (Used in) Financing Activities	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 292,077	\$ 44,948
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30, 2014	\$ 256,704	211,756
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30, 2015	\$ 548,781	\$ 256,704



LaRC EXCHANGE Fiscal Year 2015 Capital Improvements



Activity	Cost	Projected Purchase	Description
Tadpoles.com	\$2,530	Nov/Dec 2014	iPad minis, protective cases, secure storage/charging container – Completed-expensed/sensitive \$2,351
FFE Food and Beverage	\$5,000		Emergency replacement for food equipment – Not executed
Additional Mulch and playground refurbishing	\$5,000	tbd	Increase resilient surfacing to 6" in fall zones – deferred to 2016
Divider in Classroom	\$1,300	Oct - 2014	Kydzsuite wood/plexiglass divider for classroom. Maintains max group size of 14, while maximizing square footage for higher enrollment. Completed - \$1373
Cribs	\$4,000		Replacement – Completed \$3590
TOTAL	\$17,830		



LaRC Exchange Operations Overview

2015 Major Accomplishments & Challenges



- Exchange Store improved sales over 53K or 70% from previous year.
- Food and Beverage combined sales increased by \$107.8K (12%).
- Cafeteria loss of -\$3,775 despite 11 days of closures with electrical outage and bad weather.
- Social Lounge net income was \$27,078 despite closures.
- Catering profits were \$25,290.
- Randolph-Sheppard Act supported with payment of \$3,973.
- NASA Employee 2014 morale support subsidies were \$12,550
- Loyalty discount savings for workforce in Cafeteria and Exchange Shop totaled \$20,840.



LaRC EXCHANGE 2015

2015 Major Accomplishments & Challenges



- Cafeteria offered Al la Carte style dining with new Bistro.
- Cafeteria offering more health conscious and special dietary needs for workforce. (Cholesterol, Gluten, Lactose, etc.)
- 2nd Annual Moonwalk & run had approximately 600 runners.
- LCDC monthly price increases to for infants in 2015 as follows: Infants \$785, Toddlers \$690, Preschool \$615 resulted in 55K in higher revenues and improved profits for future improvements.
- LCDC improved communications with parent through teacher's use of IPADS and web base TADPOLES system.
- New Micro Market Splashdown resulted in 15K additional income.
- Old Cafeteria and Summer Camp buildings were demolished in summer of 2015 resulting a total reduction in net assets of \$14,475 as shown on following Chart:



2015 Major Accomplishments & Challenges



Entry #	Asset Number & Description		Cost	Accumulated Depreciation	Book Value
3	Cabinets	Asset # 173	22,973.00	9,189.25	13,783.75
		Cabinets Destroyed (75%)	17,229.75	6,891.95	10,337.80
		Remaining Cabinets	5,743.25	2,297.30	3,445.95
			22,973.00	9,189.25	13,783.75
5	New Door	Asset # 169 Afterburners New Door	1,014.00	963.00	51.00
6	Cooler	Asset # 176 Walk in Cooler	2,587.00	2,199.50	387.50
17		Asset # 159	8,454.00	4,438.50	4,015.50
		Display Cases Destroyed (75%)	6,340.50	3,328.90	3,011.60
		Remaining Shelving (25%)	2,113.50	1,109.60	1,003.90
			8,454.00	4,438.50	4,015.50
21	Cribs	Asset #202	2,118.00	1,815.85	302.15
22	Mini Blinds	Assets #182	1,076.00	691.00	385.00
Total Equity Adjustment					14,475.05



NASA Langley Research Center Exchange FY16 Operating Plan



Revenues	Service Office	LCDC	Cafeteria	Bistro	Exc. Shop	Catering	Social Lounge	Consol. Exchange
Sales Revenues			\$ 720,500	\$ 33,700	\$ 117,990	\$ 97,000	\$ 67,872	\$ 1,037,062
COGS			288,120	9,735	73,154	29,100	19,004	419,113
Net Inc from Sales	-	-	432,380	23,965	44,836	67,900	48,868	617,949
Other Income	\$ 80,842	\$ 587,329	20,982	300	12,078	14,160	18	715,709
Total Revenue	80,842	587,329	741,482	34,000	130,068	111,160	67,890	1,752,771
Gross Income	\$ 80,842	\$ 587,329	\$ 453,362	\$ 24,265	\$ 56,914	\$ 82,060	\$ 48,886	\$ 1,333,658
<u>Expenses</u>								
Labor	\$ 6,078	\$ 96,774	\$ 340,994	\$ 23,282	\$ 10,223	\$ 47,112	\$ 16,168	\$ 1,020,631
Operating Expenses	66,532	71,292	85,842	959	14,531	12,725	2,313	254,195
Total Expenses	152,610	568,066	426,836	24,242	24,754	59,837	18,481	1,274,826
Net Income(loss)Before Dep.	(71,768)	19,263	26,526	23	32,160	22,224	30,404	58,832
Depreciation	13,662	9,600	9,000		-	-	-	32,262
Extraordinary Income								-
Net Income(loss)	\$ (85,430)	\$ 9,663	\$ 17,526	\$ 23	\$ 32,160	\$ 22,224	\$ 30,404	\$ 26,570
Percentage Goals	-105.7%	1.6%	2.4%	0.1%	24.7%	20.0%	45%	1.5%



LaRC EXCHANGE 2016 Major Budget Impacts



- **Services Office**
 - Splashdown revenues is decreased by 10K as per contractual agreement.
 - Centennial Celebration is included in NASA Morale for 2016
- **LCDC**
 - Overall Enrollment budgeted on average of 65 September to May & 75 from June-August
 - 1.8% revenue increase over 2015.
 - Monthly fee remain same as 2015: Infants \$785, Toddlers \$690, Preschool \$615
 - Fee increase next September 2016: Infants \$790, Toddlers \$720, Preschool \$625
 - Labor budgeted at 85% and expense at 12% slightly higher than 2015 (pay increases, tadpoles)
 - 1.6% Net Income (NI)
- **Cafeteria**
 - Sales are projected to match 2015 with a slight increase in breakfast sales due to upcoming construction crews.
 - Cost of Good projected at 40% which will require slight seasonal adjustments in pricing.
 - Adjust full time employees weekly hours to 34-37
 - Carry 2 Cashiers during slow sale months/days (Fridays)
 - Budgeted increase in promotional expenses and supplies
 - Appointing more time and focus on best value for new food and supply items yet still maintain quality and customer satisfaction

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LaRC EXCHANGE 2016 Major Budget Impacts



- **Exchange Store**
 - Revenues budgeted at \$130K based on FY15
 - 62% COGs
 - Net income projected at 24.7%
- **Bistro Dining/Habitat Take Out Service**
 - Sales very optimistic based on increase promotions, seasonal and take out menus
 - Separated out from Cafeteria for tracking performance
 - 28.9% COGs
 - Budgeted to breakeven
- **Catering**
 - Catering revenues anticipated to be stable at 111K
 - COGs budget at 26% of revenues
 - Labor projected at 42%
 - NI projection 20% of total revenue
- **Afterburners Social Lounge**
 - Sales targeted at \$67.8K in line with the 11.7% increase in FY15 Sales
 - COGS target at 28%
 - 45% NI from total Revenue

Your First Choice – LaRC Exchange



LaRC EXCHANGE

Fiscal Year 2016

Capital Improvements



PRIORITY	Activity	Cost	Description
1	LCDC	\$20,000	Playground fencing and structures
2	Cafeteria	\$12,000	FFE/tables for NACA/Cafeteria Room
3	LCDC	\$7,500	Replacement Room furniture
	TOTAL	\$39,500	



LaRC EXCHANGE

Years 2017-2020

Future Projects Plans



- FY 2017 - Gymnasium divider curtain divider 100K
- FY 2018 - Refurbishing of the gym floor \$100K
- FY 2019 - Resurface/repair tennis/basketball court \$120K
- 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	Eric Weiser-Voting	Center Operations Directorate
Legal Advisor	Ken Goetzke	Office of Chief Counsel
CFO Advisor	Jimmy Carson	Office of Chief Financial Officer
Exchange Managers	Randy Cone Donna Kelly Steve Francisco Shaun Miller Shamira Jones	Exchange Operations Manager Exchange Services Office Cafeteria Manager/Chef Catering/Chef Social Lounge Manager. Child Development