Agnes L. DeFranco, Ed. D, CHE, CHAE, CHIA

Professor Conrad N. Hilton Distinguished Chair Conrad N. Hilton College of Hotel and Restaurant Management University of Houston

DeFranco started her academic career as an adjunct professor while she was still in the hospitality industry. She joined the University of Houston fulltime in 1989, and has been a faculty member, Graduate Program Director, Associate Dean, Interim Dean at the Conrad N. Hilton College of Hotel and Restaurant Management, Associate Vice President for Undergraduate Studies for the University of Houston, and now Professor and the Conrad N. Hilton Distinguished Chair.

In addition to her 100 plus refereed articles, DeFranco also has another 50 plus non-refereed publications in the hospitality area. She has co-authored five texts: Hospitality Financial Management, Hospitality Financial Accounting, Cost Control in the Hospitality Industry (translated in Chinese also), Catering Management (published in Chinese), and Conventions and Meeting Management (published in Chinese). Some of her grants in hospitality include a Department of State USIA research grant on Curriculum Development in International Convention and Conference Management, and two research grants on mobile technology used in the lodging and club industries. Her other educational grants include a grant with the Houston Endowment on transfer student success, and over ten other grants on topics such as on online course development, diversity, curriculum development, web based experiential learning model, empirical analysis of the relationship between financial ratios and profitability, financial forecasting, use of financial information, and purchasing decision of produce distributors.

Agnes is a past global president of the Hospitality Financial and Technology Professionals (HFTP), past treasurer of the International Council on Hotel, Restaurant, and Institutional Education (I-CHRIE), and past presidents for Phi Kappa Phi and Phi Beta Delta, both honor societies at the University of Houston. She has presented at conventions and conferences across the United States and in Canada, the Caribbean, China, Thailand, Hong Kong, Peru, Taiwan, and France.

Her work with the Texas Higher Education Coordinating Board (THECB) consisted of both committee work and grants including co-chairing the Undergraduate Education Advisory Committee in designing a new general education curriculum for all undergraduate students in Texas. She also served as a principal investigator of the Comprehensive Student Services Program Technical Support Grant, Gates Foundation Grant, and College and Career Readiness Standards for both the University of Houston and the University of Houston System, to name a few. She was a member of the State Transfer Strategy Committee of the Council of Public University Presidents and Chancellors and a board member of the Texas Women in Higher Education. Currently she chairs the Global Hospitality Accounting Common Practices Council of HFTP and is a member of the Financial Management Committee of the American Hotel & Lodging Association.

"Accounting 101" 74th Annual THLA Short Course January 10, 2019 8:45am – 10:15am Outline/Summary

> Dr. Agnes DeFranco University of Houston

- I. Purpose of Accounting
 - a. What is accounting
 - b. Accounting professionals
 - c. Why need accounting
- II. Hotel Organization
 - a. Revenue centers
 - b. Support centers
 - c. Examples of each
 - d. Departmental statements versus consolidated statement
- III. The Profit and Loss Statement (P&L)
 - a. Mechanics
 - b. Sales
 - c. Gross profits
 - d. Gross profit margin
 - e. Undistributed expenses
 - f. Fixed and other expenses
 - g. Net Income
- IV. Turn Revenues into Profits
 - a. Train, Respect, and Trust
 - b. Use accounting to measure success
- V. Practice and Sharing Time (Group Discussions and Reports)
- VI. Common Size Analysis
 - a. Mechanics
 - b. Individual \$/Net Sales \$
 - c. Purpose meaningful comparison, both \$ and %
- VII. Review



Professor and Conrad N. Hilton Distinguished Chair

This Morning's Agenda



- Purpose of Accounting
- Hotel Organization
- The P&L Statement
- Turning Revenues into Profits
- Common-size Analysis

Our Time Together

ΕN





- Share ideas
- Keep an open mind
- No wrong answers
- Interruption is welcome anytime ^(C)
- Enjoy, discover, learn

Purpose of Accounting



What is accounting?



Accounting Professionals



- Serious
- Not fun •
- Wear glasses
- Factual
- Not personable
- Quiet
- Smart

Purpose of Accounting



Why spend time on accounting?





Organization of a Typical Hotel

The Uniform System of Accounts for the Lodging Industry

- •Yes! This is Important!!
- USALI/ U-SA-LI
- **1**st edition 1926!!
- 11th edition 2014, effective January 1, 2015



Revenue Centers



 Generate revenues through sales of products and/or services to guests

They are also called operated departments

Revenue Centers Cont'd





Rooms

Food & Beverage

Golf Course and Pro Sh0p

Health Club and Spa

Retail Store

Marina

Business Center...others



Support Centers



 Provide services to revenue centers
 They contribute to the bottom line indirectly

Categories of Support UNIFORM **Centers** CUSTOMER AN ALYSIS ADVERTISING (1) AHLEI HETP PROMO ION TERNET

- Administrative and General
 Information & Telecommunication Systems
- Sales & Marketing
- Property Operations and Maintenance





The Profit and Loss Statement (P&L)

Sales

- Cost of Good Sold
- = Gross Profit
 - **Other Operating Expenses**
- Depreciation and Amortization
- = Earnings before Interest and Tax

The Profit and Loss Statement (P&L)

Earnings before Interest and Tax

- Interest
- = Earnings before Tax
- Tax



- = Net Income
- *** Gross Profit is not the same as Net Income ***

Some Numbers (F&B)

Sales	\$ 100,000
- Cost of Food Sold	(40,000)
= Gross Profits	60,000
 Other Operating Exp 	(35,000)
- Depreciation	 (5,000)
= Earnings B4 Interest & Tax	20,000
- Interest	(10,000)
- Tax	 (2,500)
= Net Income	\$ 7,500

Cost of Food Sold = \$40,000 Food Cost % = 40,000/100,000 = 40%

Gross Profits = \$60,000 Gross Profits Margin % • = 60,000/100,000 • = 60%

Net Income = \$7,500 Net Income % = 7,500/100,000 = 7.5%

Some Calculations



TEAM = \$MILE\$



Trust versus Control

 Major shift in managers' thinking (TRT): Train, Respect, Trust

Give them the <u>AUTHORITY</u> to make everyday decisions without prior approval

•Use accounting to measure results!

Housekeeping

Can notify front desk to change status of completed rooms to "ready for occupancy" without prior inspection by a housekeeping manager



Front Office

 Front office clerk may make adjustments to a guest's disputed bill

Up to a certain level



Waitstaff



Can comp meals without having the customers talk to the manager

Engineering

Can make adjustments on the spot

Including comping the room



Waitstaff



Set price of the daily special



Let's see how we can help our hotels to make more profits!!



Revenue & Support Centers An Exercise

Revenue Centers

1.Rooms

2.F&B

3.Golf Course and Pro Shop

4.Health Club and Spa

5.Parking

Support Centers

- **1. Administrative and General**
- 2. Information and Telecommunications Systems
- **3.** Sales and Marketing
- 4. Property Operation and Maintenance

ient Rooms Re	venue
Retail	
Discount	
Negotiated	
Qualified	
Wholesale	
Transient Roor	ms Revenue
p Rooms Reve	nue
Corporate	
	Convention
Government	
Tour/Wholes	alers
SMERF	
Group Rooms	Revenue
r Rooms Rever	ue
Allowances	
	Discount Negotiated Qualified Wholesale Transient Roor p Rooms Rever Corporate Association/C Government Tour/Wholes SMERF Group Rooms ract Rooms Rever

Labo	r Costs	s and Rela	eted Expenses
	Salar	ries, Wage	es, Service Charges, Contracted Labor and Bonuses
		Salaries a	and Wages
		M	anagement
		No	on-Management
			Complimentary F&B
			Front Office
			Guest Services
			Housekeeping
			Laundry
			Reservations
			Transportation
		Sub-Tota	I: Salaries and Wages
			harge Distribution
		Contract	ed, Leased and Outsourced Labor
		Bonuses	and Incentives
	Total	Salaries.	Wages, Service Charges, Contracted Labor and Bonuses
		P	d Expenses
		Payroll Ta	•
			ental Pay
			e Benefits
	Total		elated Expenses

O	ther Expenses
	Cleaning Supplies
	Cluster Services
	Commissions
	Commissions and FeesGroup
	Complimentary Food and Beverage
	Complimentary In-Room/Media Entertainment
	Complimentary Services and Gifts
	Contract Services
	Corporate Office Reimbursables
	Decorations
	Dues and Subscriptions
	Entertainment—In-House
	Equipment Rental
	Guest Relocation
	Guest Supplies
	Guest Transportation
	Laundry and Dry Cleaning
	Licenses and Permits
	Linen
	Miscellaneous
	Operating Supplies
	Postage and Overnight Delivery Charges
	Printing and Stationery
	Reservations
	Royalty Fees
	Training
	Travel—Meals and Entertainment
	Travel—Other
	Uniform Costs
	Uniform Laundry
То	tal Other Expenses
Total Ex	cpenses

Food an	d Beverage—Schedule 2	Expenses		
		Labor	Costs	and Related Expenses
Revenue			Salar	ies, Wages, Service Charges, Contracted Labor and Bonuses
Food	Revenue			Salaries and Wages
	Venue Food Revenue			Management
	In-Room Dining Food Revenue			Service
	Banquet/Conference/Catering Food Revenue			Kitchen
	Mini Bar Food Revenue			Non-Management
	Other Food Revenue			Banquet/Conference/Catering Service
Total	Food Revenue			Kitchen
Beve	rage Revenue			Venues
	Venue Beverage Revenue			Sub-Total: Salaries and Wages
	In-Room Dining Beverage Revenue			Service Charge Distribution
	Banquet/Conference/Catering Beverage Revenue			Contracted, Leased and Outsourced Labor
	Mini Bar Beverage Revenue			Bonuses and Incentives
	Other Beverage Revenue		Total	Salaries, Wages, Service Charges, Contracted Labor and Bonuses
Total	Beverage Revenue		Payr	oll-Related Expenses
	Allowances			Payroll Taxes
Total	Food and Beverage Revenue			Supplemental Pay
				Employee Benefits
Othe	r Revenue		Total	Payroll-Related Expenses
	Audiovisual			
	Function Room Rental and Setup Charges	Total	Labor	Costs and Related Expenses
	Cover Charges	Other Exp		
	Surcharges and Service Charges	Ban	quet	Expenses
	Miscellaneous Other Revenue	Chir		
	Less: Allowances			Supplies
Total	Other Revenue	and the second se	nmiss	ervices
				entary Services and Gifts
Total Reve	enue			Services
Cost of Sal	es and Other Revenue			e Office Reimbursables
Cost	of Food and Beverage Sales	Dec	oratio	ons
	Cost of Food Sales			ing Supplies
	Cost of Beverage Sales	12525		Subscriptions
Total	Cost of Food and Beverage Sales			ment—In-House
			ipmer ware	nt Rental
Cost	of Other Revenue		sware	
	Audiovisual Cost	lce		
	Miscellaneous Cost	Kitc	hen F	uel
Total	Cost of Other Revenue	Kitc	hen S	mallwares

Golf Course and Pro Shop—Sub-schedule 3-1

Revenue	
Green	Fee Revenue
Tourr	ment Fee Revenue
Golf	rt Rental Revenue
Golf	uipment Rental Revenue
Pract	e Range Fee Revenue
Lesso	Fee Revenue
Golf	ub Maintenance Revenue
Stora	e Fee Revenue
Mem	ership Fee Revenue
Merc	andise Revenue
Cloth	g Revenue
Othe	Revenue
Less:	llowances
Total Golf	ourse and Pro Shop Revenue
Cost of Sal	5
Cost	Merchandise Sales
Cost	Clothing Sales
Total Cost	Sales
Gross Prof	
Expenses	
Labor	Costs and Related Expenses
	Salaries, Wages, Service Charges, Contracted Labor and Bonuses
	Salaries and Wages

Health C	lub/Spa-	-Sub-schedule 3-2
Revenue		
Mass	age and Bo	dy Treatment Revenue
Skin (Care Revenu	ie 🔹
Hair (Care Revenu	ie l
Nail C	Care Revenu	le
Fitne	ss Revenue	
Healt	h and Wellr	ness Revenue
Mem	bership Fee	Revenue
Retai	Revenue	
Othe	r Revenue	
Less:	Allowances	
Total Healt	th Club/Spa	Revenue
Cost of Sal	es	
Gross Prof	it	
Expenses		
Labor	Costs and	Related Expenses
	Salaries, W	/ages, Service Charges, Contracted Labor and Bonuses
	Salar	es and Wages
		Management
		Non-Management
		Attendant/Housekeeping
		Fitness
		Reception/Retail
		Therapists/Technicians
	Sub-1	otal: Salaries and Wages
	Servi	ce Charge Distribution

Parl	king-	-Sub	-schedule 3-3
Reve	nue		
ne re		arking	Revenue
			gRevenue
		Rever	
		Allowa	
Total	Parkir		
		-	
Cost	of Sale	es	
Gros	s P rofi	t	
		-	
Expe	nses		
-	Labor	Costs	and Related Expenses
		Salari	es, Wages, Service Charges, Contracted Labor and Bonuses
			Salaries and Wages
			Management
			Non-Management
			Sub-Total: Salaries and Wages
			Service Charge Distribution
			Contracted, Leased and Outsourced Labor
			Bonuses and Incentives
		Total	Salaries, Wages, Service Charges, Contracted Labor and Bonuses
		Payro	II-Related Expenses
			Payroll Taxes
			Supplemental Pay
			Employee Benefits
		Total	Payroll-Related Expenses
	Total I	Labor	Costs and Related Expenses
		Exper	
			ing Supplies
			er Services
		Com	limentary Services and Gifts
			act Services
		Corpo	orate Office Reimbursables
			rations
		Dues	and Subscriptions
			tainment—In-House
		Equip	ment Rental
		Laund	fry and Dry Cleaning
		Licen	ses and Permits
		Mana	gement Fees
			llaneous
		Opera	ating Supplies
		Printi	ng and Stationery
		Rent	

penses	Casta and	Palatad European
Labor	1	Related Expenses
		Vages, Service Charges, Contracted Labor and Bonuses
	Salar	ries and Wages
		Management
		Non-Management
		Accounting
		General Support
		Human Resources
		Purchasing/Receiving
		Security
	Sub-	Total: Salaries and Wages
	Serv	ice Charge Distribution
		racted, Leased and Outsourced Labor
	Bon	uses and Incentives
	Total Sala	ries, Wages, Service Charges, Contracted Labor and Bonuses
		lated Expenses
		oll Taxes
		plemental Pay
		loyee Benefits
	Total Payr	oll-Related Expenses

	Other	Expense	es	
		Audit Ch	narges	
		Bank Ch	arges	
		Cash Ov	verages a	and Shortages
		Centrali	zed Acco	ounting Charges
		Cluster S	Services	
		Complin	nentary	Services and Gifts
		Contrac	t Service	25
		Corpora	te Office	e Reimbursables
		Credit a		
		Credit C	ard Corr	missions
		Decorat	ions	
		Donatio	ns	
		Dues an	d Subsc	riptions
		Entertai	nment-	-In-House
		Equipm	ent Rent	tal
		Human	Resourc	es
		Legal Se	rvices	
		Licenses	and Pe	rmits
		Loss and	d Damag	je
		Miscella	neous	
		Non-Gu	est-Rela	ted Foreign Currency Exchange Gains (Losses)
		Operatio	ng Supp	lies
		Payroll P	Processin	ng
		Postage	and Ove	ernight Delivery Charges
		Professi	onal Fee	95
		Provisio	n for Do	ubtful Accounts
		Security	,	
		Settlem	ent Cost	5
		Staff Tra	insporta	tion
		Training		
		Travel-	Meals a	nd Entertainment
		Travel-	Other	
		Uniform	Costs	
		Uniform	n Laundr	у
	Total (Other Exp	penses	
Total	l Exper	ses		
	-			

Information and Telecommunications Systems—Schedule 6

Cost of Se				
	st of Cell Ph			
Co	st of Intern	et Services		
Co	st of Local G	Calls		
Co	st of Long [Distance Calls		
Ot	her Cost of	Services		
Total Cost	t of Service	S		
System Ex	penses			
Ad	ministrativ	e and General		
Cer	ntralized In	formation System Charges		
Ene	ergy Manag	gement		
Foo	od and Bev	erage		
Go	If			
Ha	rdware			
He	alth Club/S	pa		
Hu	Human Resources			
Infe	Information Security			
Infe	ormation S	ystems		
Ot	her			
Par	rking			
Pro	perty Oper	ration and Maintenance		
Ro	oms			
Sal	es and Mar	rketing		
Tel	ecommuni	cations		
Total Syst	em Expens	es		
and had not been				

Other	Expenses								
	Cluster Serv	vices							
	Contract Services Corporate Office Reimbursables Dues and Subscriptions								
						Entertainm	ent-In	-House	
						Equipment	Rental		
	Miscellaneo	DUS							
	Operating S	supplies	s						
	Other Equip	oment							
	System Stor	rage an	d Optimiz	ation					
	Training								
	Travel-Me	als and	Entertair	nment					
	Travel-Oti	ner							
	Uniform Costs								
	Uniform La	undry							
Total (Other Expen	ses							
	and the second se								

Sales and Marketing—Schedule 7

Agency Fees Cluster Services Complimentary Services and Gifts Complimentary Services and Gifts Comporate Office Reimbursables Decorations Direct Mail Dues and Subscriptions Entertainment—In-House Equipment Rental Franchise and Affiliation Marketing Franchise and Affiliation Marketing Franchise and Affiliation Marketing In-House Graphics Loyalty Programs Media Outside Sales Representation Outside Signage Photography Postage and Overnight Delivery Charges Promotion Travel—Meals and Entertainment Trevel—Other Uniform Laundry Website	Other	Expenses				
Cluster Services Collateral Material Complimentary Services and Gifts Contract Services Corporate Office Reimbursables Decorations Direct Mail Dues and Subscriptions Entertainment—In-House Equipment Rental Familiarization Trips Franchise and Affiliation Marketing Franchise and Affiliation Fees—Royalties In-House Graphics Loyalty Programs Media Miscellaneous Operating Supplies Outside Services Market Research Outside Signage Photography Postage and Overnight Delivery Charges Promotion Travel—Meals and Entertainment Travel—Other Uniform Laundry Website						
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Loyalty Programs Media Miscellaneous Operating Supplies Outside Sales Representation Outside Services Market Research Outside Signage Photography Postage and Overnight Delivery Charges Promotion Training Travel—Meals and Entertainment Travel—Other Uniform Laundry Website		Franchise and Affiliation Fees—Royalties				
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Photography Postage and Overnight Delivery Charges Promotion Trade Shows Training Travel—Meals and Entertainment Travel—Other Uniform Laundry Website Total Other Expenses		Outside Services Market Research				
Postage and Overnight Delivery Charges Promotion Trade Shows Training Travel—Meals and Entertainment Travel—Other Uniform Laundry Website Total Other Expenses		Outside Signage				
Promotion Trade Shows Training Travel—Meals and Entertainment Travel—Other Uniform Laundry Website Total Other Expenses		Photography				
Trade Shows Training Travel—Meals and Entertainment Travel—Other Uniform Laundry Website Total Other Expenses		Postage and Overnight Delivery Charges				
Training Travel—Meals and Entertainment Travel—Other Uniform Laundry Website Total Other Expenses						
Travel—Meals and Entertainment Travel—Other Uniform Laundry Website Total Other Expenses		Trade Shows				
Travel—Other Uniform Laundry Website Total Other Expenses		· · · · · · · · · · · · · · · · · · ·				
Uniform Laundry Website Total Other Expenses						
Website Total Other Expenses						
Total Other Expenses		Uniform Laundry				
		Website				
Total Expenses	Total (Other Expenses				
Total Expenses						
	Total Exper	nses				

Property Operation and Maintenance—Schedule 8

	Expenses				
	Building				
	Cluster Services				
	Contract Services				
	Corporate Office Reimbursables				
	Dues and Subscriptions				
	Electrical and Mechanical Equipment				
	Elevators and Escalators				
	Engineering Supplies				
	Entertainment—In-House				
	Equipment Rental				
	Floor Covering				
	Furniture and Equipment				
	Grounds Maintenance and Landscaping				
	Heating, Ventilation, and Air Conditioning Equipment				
	Kitchen Equipment				
	Laundry Equipment				
	Licenses and Permits				
	Life/Safety				
	Light Bulbs				
	Miscellaneous				
	Operating Supplies				
	Painting and Wallcovering				
	Plumbing				
	Swimming Pool				
	Training				
	Travel—Meals and Entertainment				
	Travel—Other				
	Uniform Costs				
	Uniform Laundry				
	Vehicle Repair				
	Waste Removal				
Total C	Other Expenses				
Some Ideas ...

Check hot water temperature: 128F down to 120F

Not to serve iced water, bread automatically

Bundle attractive F&B options with rooms

Pay all invoices on time to avoid late charges or interest

Free mini bar items

Stationary exchange day - \$2,000 savings

Print documents on both sides of paper

Do away with cash rebates but offer upgrades on next visit

Provide guaranteed early arrivals at \$X rate – over \$100K new revenue

Let's start making some PROFITS

What is Common-size?

$$\frac{\text{is}}{\text{of}} = \frac{\%}{100}$$
 or $\frac{\text{part}}{\text{whole}} = \frac{\%}{100}$

- •Analysis of every item on a financial statement using a common base
- •P & L, common base = Revenues (Sales)
- •Common-size % =
 - Individual \$
 - Revenues \$

Cost of Food Sold = \$40,000 Food Cost % = 40,000/100,000 = 40%

Gross Profits = \$60,000 Gross Profits Margin % • = 60,000/100,000 • = 60%

Net Income = \$7,500 Net Income % = 7,500/100,000 = 7.5%

Some Calculations



Why Common-size?

Percentages enable more meaningful comparisons within and between companies



An Example: Which hotel will you invest in?

•Hotel A:

Net Sales: \$1,000,000

Net income: <u>\$50,000</u>

Net income % = 50,000/1,000,000 = 5%

•Hotel B:

Net Sales: \$10,000,000

Net income: \$100,000

Net income % = 100,000/10,000,000 = 1%





Let's Review



USALI

- Revenue centers (operated
 - departments), examples
- Support centers, examples
- Mechanics of a P & L
- Gross profits and net income
- Individual versus consolidated P & L
- Common-size, what and why



COMMENTS?? THANK YOU!!

QUESTIONS??

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Rooms—Schedule 1

evenue		
Tran	nsient Rooms Re	venue
	Retail	
	Discount	
	Negotiated	
	Qualified	
	Wholesale	
Tota	al Transient Roor	ns Revenue
Gro	up Rooms Rever	nue
	Corporate	
	Association/C	Convention
	Government	
	Tour/Wholes	alers
	SMERF	
Tota	al Group Rooms	Revenue
Con	tract Rooms Rev	<i>r</i> enue
Oth	er Rooms Reven	ue
Less	: Allowances	
otal Roo	oms Revenue	

Expenses

CHECE		
Labor	Costs a	and Related Expenses
	Salarie	es, Wages, Service Charges, Contracted Labor and Bonuses
	S	alaries and Wages
		Management
		Non-Management
		Complimentary F&B
		Front Office
		Guest Services
		Housekeeping
		Laundry
		Reservations
		Transportation
	S	ub-Total: Salaries and Wages
	S	ervice Charge Distribution
	C	Contracted, Leased and Outsourced Labor
	B	onuses and Incentives
	Total S	alaries, Wages, Service Charges, Contracted Labor and Bonuses
	Payrol	I-Related Expenses
	P	ayroll Taxes
	S	upplemental Pay
	E	mployee Benefits
	Total P	Payroll-Related Expenses
Total I	abor C	osts and Related Expenses

Other	Expenses								
	Cleaning Sup	plies							
	Cluster Servi								
	Commissions	;							
	Commissions	and FeesGroup							
		ary Food and Beverage							
		ary In-Room/Media Entertainment							
		ary Services and Gifts							
	Contract Ser	vices							
	Corporate Of	fice Reimbursables							
	Decorations								
	Dues and Sul	oscriptions							
	Entertainme	nt—In-House							
	Equipment R	ental							
	Guest Reloca	tion							
	Guest Supplies								
	Guest Transportation								
	Laundry and Dry Cleaning								
	Licenses and Permits								
	Linen								
	Miscellaneou	IS							
	Operating Su	pplies							
		Overnight Delivery Charges							
	Printing and Stationery								
	Reservations								
	Royalty Fees								
	Training								
	Travel—Meals and Entertainment								
	Travel—Other								
	Uniform Costs								
	Uniform Laundry								
Total C	Other Expense	25							
Total Exper	ses								
Departmen	tal Profit								

Food and Beverage—Schedule 2

Revenue			
Food	Revenue		
	Venue	Food Re	venue
	In-Roor	n Dinin	g Food Revenue
	Banque	et/Confe	erence/Catering Food Revenue
	Mini Ba	r Food	Revenue
	Other F	ood Re	venue
Total	Food Rev	venue	
Beve	rage Reve	enue	
	Venue I	Beverag	e Revenue
	In-Roor	n Dinin	g Beverage Revenue
	Banque	t/Confe	erence/Catering Beverage Revenue
	Mini Ba	r Bever	age Revenue
	Other B	Beverag	e Revenue
Total	Beverage	e Reven	ue
Less:	Allowand	ces	
Total	Food and	d Bever	age Revenue
Othe	r Revenu	e	
	Audiov	sual	
	Functio	n Roon	n Rental and Setup Charges
	Cover C	harges	
	Surchar	ges and	Service Charges
	Miscella	aneous	Other Revenue
	Less: Al	lowanc	es
Total	Other Re	evenue	
Total Reve	nue		
Cost of Sale	es and O	ther Re	venue
Cost o	of Food a	nd Beve	rage Sales
	Cost of I	Food Sa	es
	Cost of I	3everag	e Sales
Total	Cost of Fo	ood and	Beverage Sales
Cost	of Other F	Revenue	2
	Audiovis	sual Cos	t
	Miscella	neous (Cost
Total	Cost of O	ther Re	/enue
Total Cost	of Sales a	nd Oth	er Revenue

Total Cost of Sales and Other Revenue

Gross Profit

Labo	Cost	and R	elated Expenses	
Labor			ages, Service Charges, Contracted Labor and Bonuses	
	Julu		s and Wages	
			Management	
_			Service	
_			Kitchen	
			Non-Management	
			Banquet/Conference/Catering Service	
			Kitchen	
			Venues	
		Sub-To	tal: Salaries and Wages	
		Service	e Charge Distribution	
		Contra	cted, Leased and Outsourced Labor	
		Bonus	es and Incentives	
	Tota	Salarie	s, Wages, Service Charges, Contracted Labor and Bonuses	
	Payr	oll-Rela	ted Expenses	
		Payrol	Taxes	
		Supple	mental Pay	
		Emplo	yee Benefits	
	Tota	Payrol	-Related Expenses	

Othe	r Expenses	
Othe		nonsos
_	Banquet Ex	penses
_	China	and the second se
	Cleaning Su	
	Cluster Serv	
	Commission	
		tary Services and Gifts
	Contract Se	
		Office Reimbursables
	Decorations	
	Dishwashin	
		ubscriptions
	Entertainme	ent—In-House
	Equipment	Rental
	Flatware	
	Glassware	
	Ice	
	Kitchen Fue	1
	Kitchen Sma	allwares
	Laundry and	d Dry Cleaning
	Licenses and	
	Linen	
	Manageme	nt Fees
	-	Beverage Lists
	Miscellaneo	bus
	Music and E	Intertainment
	Operating S	upplies
	Paper and P	
		d Overnight Delivery Charges
	Printing and	
	Reservation	
	Royalty Fee	
	Training	
	-	als and Entertainment
_	Travel—Oth	
_	Uniform Co	
	Uniform La	
		unury
	Utensils	
lota	Other Expense	Ses
ol Ever		
tal Expe	inses	

Golf Course and Pro Shop—Sub-schedule 3-1

Green	ns Fee	Revenue	2
Tourn	amer	nt Fee Rev	venue
Golf (Cart Re	ental Reve	enue
Golf E	quipr	nent Ren	tal Revenue
Practi	ice Ra	nge Fee R	levenue
Lesso	n Fee	Revenue	
Golf (Club N	laintenar	nce Revenue
Stora	ge Fee	e Revenue	2
Mem	bersh	ip Fee Re	venue
Merc	handi	se Reveni	ue
Cloth	ing Re	venue	
Other	r Reve	nue	
Less:	Allow	ances	
otal Golf (Cours	e and Pro	Shop Revenue
ost of Sal			
Cost	of Me	rchandise	Sales
Cost	of Clot	thing Sale	IS
otal Cost	of Sal	es	
iross Prof	it		
xpenses			
Labor	1		ated Expenses
	Salar		es, Service Charges, Contracted Labor and Bonuses
			and Wages
			anagement
		NC	on-Management
			Golf Pros/Operations
			Greens/Maintenance
		C I T I	Pro Shop
			I: Salaries and Wages
			Charge Distribution
			ed, Leased and Outsourced Labor
	-		and Incentives
			Wages, Service Charges, Contracted Labor and Bonuses
	Payr		d Expenses
		Payroll Ta	
			ental Pay
	-		e Benefits
	Tette	Payroll_P	Related Expenses
	lota	rayion-n	
			d Related Expenses

	Contract S Corporate Decoration Dues and S Entertainn Equipment Gasoline a	rvices intary Se iervices Office R Subscrip nent—Ir t Rental ind Lubr Maintena nd Dry C nd Perm ent Fees eous Supplie nd Static ons es	Services and Gifts Reimbursables iptions In-House al pricants nance and Landscaping Cleaning mits es es ionery
	Complime Contract S Corporate Decoration Dues and S Entertainn Equipment Gasoline a Grounds N Irrigation Laundry ar Licenses at Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	entary Se ervices Office R ns Subscrip nent—Ir t Rental ind Lubr Maintena Maintena nd Dry C nd Perm ent Fees eous Supplie nd Static ons es	Reimbursables iptions In-House al pricants nance and Landscaping Cleaning mits es es ionery
	Contract S Corporate Decoration Dues and S Entertainm Equipment Gasoline a Grounds M Irrigation Laundry an Licenses an Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	ervices Office R Subscrip nent—Ir t Rental ind Lubr Maintena nd Dry C nd Perm ent Fees eous Supplie nd Static ons es	Reimbursables iptions In-House al pricants nance and Landscaping Cleaning mits es es ionery
	Corporate Decoration Dues and S Entertainm Equipment Gasoline a Grounds M Irrigation Laundry ar Licenses an Licenses an Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	Office R ns Subscrip nent—Ir t Rental ind Lubr Maintena nd Dry C nd Perm ent Fees cous Supplie nd Static ons es	Reimbursables iptions In-House al oricants nance and Landscaping Cleaning mits es es ionery
	Decoration Dues and S Entertainm Equipment Gasoline a Grounds M Irrigation Laundry an Licenses an Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	ns Subscrip nent—Ir t Rental ind Lubr Maintena Maintena nd Dry C nd Perm ent Fees eous Supplie nd Static ons es	iptions In-House al oricants nance and Landscaping Cleaning mits es es ionery
	Dues and S Entertainm Equipment Gasoline a Grounds M Irrigation Laundry ar Licenses at Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	Subscrip nent—Ir t Rental ind Lubr Maintena nd Dry C nd Perm ent Fees eous Supplie nd Statio ons es	In-House al pricants nance and Landscaping Cleaning mits es es es
	Entertainm Equipment Gasoline a Grounds M Irrigation Laundry an Licenses an Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	nent—Ir t Rental Ind Lubr Maintena Ind Dry C nd Perm ent Fees Supplie Supplie nd Static ons es	In-House al pricants nance and Landscaping Cleaning mits es es es
	Equipment Gasoline a Grounds M Irrigation Laundry ar Licenses ar Linen Managem Miscellane Operating Printing ar Reservatio Royalty Fer Tourname	t Rental Ind Lubr Maintena Ind Dry C Ind Perm ent Fees Eous Supplie Ind Statio ons es	al pricants nance and Landscaping Cleaning mits es es es ionery
	Gasoline a Grounds N Irrigation Laundry ar Licenses ar Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	nd Lubr Maintena nd Dry C nd Perm ent Fees sous Supplie nd Statio ons es	oricants nance and Landscaping Cleaning mits es es ionery
	Grounds M Irrigation Laundry ar Licenses ar Linen Managem Miscellane Operating Printing ar Reservatio Royalty Fer Tourname	Maintena nd Dry C nd Perm ent Fees eous Supplie nd Statio ons es	nance and Landscaping Cleaning mits es es ionery
	Irrigation Laundry ar Licenses an Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	nd Dry C nd Perm ent Fees cous Supplie nd Statio ons es	Cleaning mits es es ionery
	Laundry ar Licenses ar Linen Managem Miscellane Operating Printing ar Reservatio Royalty Fer Tourname	ent Fees eous Supplie nd Statio ons es	mits es es ionery
	Licenses an Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	ent Fees eous Supplie nd Statio ons es	mits es es ionery
	Linen Managem Miscellane Operating Printing an Reservatio Royalty Fer Tourname	ent Fees eous Supplie nd Static ons es	es ionery
	Managem Miscellane Operating Printing an Reservatio Royalty Fee Tourname	eous Supplie nd Static ons es	es ionery
	Miscellane Operating Printing an Reservatio Royalty Fe Tourname	eous Supplie nd Static ons es	es ionery
	Operating Printing an Reservatio Royalty Fee Tourname	Supplie nd Static ons es	ionery
	Printing an Reservatio Royalty Fee Tourname	nd Statio ons es	ionery
	Reservatio Royalty Fee Tourname	ons es	
	Royalty Fee Tourname	es	enses
	Tourname		enses
		nt Expe	enses
	Training		
	Transporta	ation	
	Travel—M	eals and	nd Entertainment
	Travel—Ot	ther	
	Uniform C	osts	
	Uniform La	aundry	
	Vehicle Re	pairs an	nd Maintenance
	Water		
Total C	Other Exper	nses	
al Expen	ises		

Health Club/Spa—Sub-schedule 3-2

eve	enue			
	Mass	age ar	nd Body	Treatment Revenue
	Skin C	are R	evenue	
	Hair C	are R	evenue	
	Nail C	are R	evenue	
	Fitnes	is Rev	enue	
	Healt	h and	Wellnes	s Revenue
	Mem	bersh	ip Fee Re	evenue
	Retail			
	Other	Reve	nue	
	Less:	Allow	ances	
lota	l Healt	h Clu	b/Spa Re	evenue
Cost	of Sal	es		
Gros	ss Profi	t		
Expe	enses			
	Labor	Costs	and Rel	ated Expenses
		Salar	ies, Wag	es, Service Charges, Contracted Labor and Bonuses
				and Wages
				lanagement
			N	on-Management
				Attendant/Housekeeping
				Fitness
				Reception/Retail
				Therapists/Technicians
			Sub-Tota	al: Salaries and Wages
				Charge Distribution
				ted, Leased and Outsourced Labor
				s and Incentives
		Total	Salaries	, Wages, Service Charges, Contracted Labor and Bonuses
		Payro		ed Expenses
			Payroll T	
				nental Pay
			Employe	ee Benefits
		Total	Payroll-I	Related Expenses
			(

100			COSIS	anu	Related Expenses
Oth	ner E	vner	nses		
0.			ence		
				ipplie	
				uppli	
				vices	
	С	om	olime	ntary	/ Services and Gifts
				ervic	
	С	orp	orate	Offic	e Reimbursables
	D	eco	ratio	ns	
	D	ues	and	Subso	criptions
	E	nter	tainn	nent-	-In-House
	E	quip	men	t Ren	tal
	H	lealt	h and	d Bea	uty Products
	La	aun	dry a	nd Dr	y Cleaning
	Li	icen	ses a	nd Pe	ermits
	Li	inen	1		
				ent F	ees
			ellane		
				Supp	
					ationery
			vatio		
			ty Fe		
				Pool	1
		raini	-		
					and Entertainment
-			1-01		
			orm C		
-				aundi	ry
lot	aiOt	ner	Expe	nses	
EX	pense	es			

enses				
Labo	r Costs	and R	elated Expenses	
	Salar	ies, W	ages, Service Charges, Contracted Labor and Bonuses	
		Salari	es and Wages	
			Management	
			Non-Management	
			Accounting	
			General Support	
			Human Resources	
			Purchasing/Receiving	
			Security	
		Sub-Te	otal: Salaries and Wages	
		Servic	e Charge Distribution	
		Contra	acted, Leased and Outsourced Labor	
		Bonus	ses and Incentives	
	Total	Salari	es, Wages, Service Charges, Contracted Labor and Bon	uses
	Payro	oll-Rela	ated Expenses	
		Payro	ll Taxes	
		Suppl	emental Pay	
		Emplo	oyee Benefits	
	Total	Payro	II-Related Expenses	

Other	Expenses							
	Audit Char	ges						
	Bank Charges							
	Cash Overages and Shortages							
	Centralized Accounting Charges							
	Cluster Services							
	Complimentary Services and Gifts							
	Contract Services							
	Corporate Office Reimbursables							
	Credit and Collection							
	Credit Card Commissions							
	Decoration	5						
	Donations							
	Dues and Subscriptions							
	Entertainm	ent—In-House						
	Equipment Rental							
	Human Resources							
	Legal Servi	res						
	Licenses ar	d Permits						
	Loss and Damage							
	Miscellaneous							
	Non-Guest-Related Foreign Currency Exchange Gains (Losses)							
	Operating Supplies							
	Payroll Processing							
	Postage and Overnight Delivery Charges							
	Professional Fees							
	Provision for Doubtful Accounts							
	Security							
	Settlement	Costs						
	Staff Transportation							
	Training							
	Travel—Meals and Entertainment							
	Travel—Other							
	Uniform Co	sts						
	Uniform Laundry							
Total C	Other Exper	ses						
l Expen	502							

Information and Telecommunications Systems—Schedule 6

enses				
Labor	Costs	and F	Relate	d Expenses
				Service Charges, Contracted Labor and Bonuses
				d Wages
			Man	nagement
				-Management
				Information Technology
				Telecommunications
	5	Sub-T	otal:	Salaries and Wages
				arge Distribution
				I, Leased and Outsourced Labor
				nd Incentives
	Total 9	Salari	es. W	/ages, Service Charges, Contracted Labor and Bonuses
				Expenses
	_		ll Tax	
				ntal Pay
				Benefits
				ated Expenses
				Related Expenses
iotai 2		00000		
Cost of	fServi	ces		
	Cost		Pho	nes
				Services
	Cost o			
				tance Calls
			-	ervices
Total C				el VICES
IOLAIC	JUSE OI	Serv	ices	
System	n Expe	nses		
			tive a	and General
				rmation System Charges
	Energ			
	Food			
	Golf			
	Hardy	vare		
	Healt		o/Spa	
	Huma			
	Inforn	natio	n Sec	urity
	Inform	natio	n Svst	tems
	Other			
	Parkir	ng		
			perat	tion and Maintenance
	Room			
	Sales	and N	Marke	eting
	Teleco			
Total S				
Total 3	,500	- CAPC	11505	
Other	Exnen	ses		
	Cluste		vices	
	Contra			
				e Reimbursables
				riptions
				-In-House
	Equip			
	Misce			
	Opera			ies
	Other			
				and Optimization
	Traini		- ape	
			als a	nd Entertainment
	Travel			
	Unifo			
	Unifo			
				N
Total C				1

Parking—Sub-schedule 3-3

Reve	nue				
	Self-P	arking	g Reve	nue	
	Valet	Parkir	ng Rev	enue	
	Other	Reve	nue		
	Less:	Allow	ances		
Total	Parki	ng Re	venue	•	
Cost	of Sal	es			
Gros	s Profi	it			
Expe					
	Labor				Expenses
		Salar			Service Charges, Contracted Labor and Bonuses
			Salari		Wages
					agement
					Management
					alaries and Wages
					rge Distribution
					Leased and Outsourced Labor
		-			d Incentives
					ages, Service Charges, Contracted Labor and Bonuses
		Payr			xpenses
				oll Taxe	s tal Pay
		Tetel			enefits
		lota	Payro	oll-Kela	ited Expenses
	Total	labor	Costs	and P	elated Expenses
					elated Expenses
	Other	-			-
			ning S ter Ser	upplie	S
					Services and Gifts
				ervice	
					Reimbursables
			pration		Neimbursables
		_			iptions
					In-House
				t Rent	
					Cleaning
				nd Per	
				ent Fe	
			ellane		
		Ope	rating	Suppl	es
		-			ionery
		Rent			
		Roya	lty Fe	es	
		Train			
					nd Entertainment
			el—Ot		
			orm C		
		Unif	orm La	aundry	/
	Total	Other	Expe	nses	
Total	Expe	nses			
Depa	artme	ntal P	rofit		

nses								
Labor	Costs and Related Expenses							
	Salaries, Wages, Service Charges, Contracted Labor and Bonuses							
	Salaries and Wages							
	Management							
	Non-Management							
	Sub-Total: Salaries and Wages							
	Service Charge Distribution							
	Contracted, Leased and Outsourced Labor							
	Bonuses and Incentives Total Salaries, Wages, Service Charges, Contracted Labor and Bonuses							
	Payroll-Related Expenses							
	Payroll Taxes							
	Supplemental Pay							
	Employee Benefits							
	Total Payroll-Related Expenses							
Total L	Labor Costs and Related Expenses							
Other	Expenses							
	Building							
	Cluster Services							
	Contract Services							
	Corporate Office Reimbursables							
	Dues and Subscriptions							
	Electrical and Mechanical Equipment							
	Elevators and Escalators							
	Engineering Supplies							
	Entertainment—In-House							
	Equipment Rental							
	Floor Covering							
	Furniture and Equipment							
	Grounds Maintenance and Landscaping							
	Heating, Ventilation, and Air Conditioning Equipment							
	Kitchen Equipment							
	Laundry Equipment							
	Licenses and Permits							
	Life/Safety							
	Light Bulbs							
	Miscellaneous							
	Operating Supplies							
	Painting and Wallcovering							
	Plumbing							
	Swimming Pool							
	Training							
	Travel—Meals and Entertainment							
	Travel—Other							
	Uniform Costs							
	Uniform Laundry							
	Vehicle Repair							
	Waste Removal							
	Other Expenses							
Total (Other Expenses							

Property Operation and Maintenance—Schedule 8

	nses								
	Labor			d Expenses					
				Service Charges, Contracted Labor and Bonuses					
		Sala		d Wages					
				nagement					
			Non	n-Management					
		Sub	Total: S	: Salaries and Wages					
		Service Charge Distribution							
		Con	tracted	cted, Leased and Outsourced Labor					
		Bon	uses ar	nd Incentives					
		Total Sala	ries, W	/ages, Service Charges, Contracted Labor and Bonuses					
		Payroll-Re	elated I	Expenses					
			oll Taxe						
				ntal Pay					
		Emp	loyee l	Benefits					
		Total Pay	roll-Rel	ated Expenses					
			s and F	Related Expenses					
	Other	Expenses							
		Agency Fe							
_		Cluster Se							
_		Collateral							
_				Services and Gifts					
_		Contract							
_				Reimbursables					
_		Decoratio							
+		Direct Ma							
+		Dues and							
+				-In-House					
+		Equipmer							
+		Familiariz							
+				ffiliation Marketing					
+				ffiliation Fees—Royalties					
+		In-House							
+		Loyalty Pr	ogram	S					
+		Media Miscellan	00110						
+		Operating		ior					
+				epresentation					
+				s Market Research					
+		Outside S							
+									
+		Photography Postage and Overnight Delivery Charges							
+		Promotio		anion servery energes					
+		Trade Sho							
+		Training							
+		Travel—Meals and Entertainment							
+		Travel—Other							
+		Uniform L		v					
+		Website	aantun	1					
+	Total (Other Expe	nses						
+	iotait	zalei expe	11363						