

FOOD AND BEVERAGE—SCHEDULE 2

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	FORECAST	PRIOR YEAR	ACTUAL	FORECAST	PRIOR YEAR
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
REVENUE						
Outlet Food Revenue						
Outlet Beverage Revenue						
In-Room Dining Food Revenue						
In-Room Dining Beverage Revenue						
Banquet/Catering Food Revenue						
Banquet/Catering Beverage Revenue						
Mini Bar Food Revenue						
Mini Bar Beverage Revenue						
Other Food Revenue						
Other Beverage Revenue						
Less: Allowances						
Total Food and Beverage Revenue						
OTHER REVENUE						
Audiovisual						
Public Room Rentals						
Cover Charges						
Service Charges						
Miscellaneous Other Revenue						
Less: Allowances						
Total Other Revenue						
TOTAL REVENUE						
COST OF FOOD AND BEVERAGE SALES						
Cost of Food Sales						
Cost of Beverage Sales						
Total Cost of Food and Beverage Sales						
COST OF OTHER REVENUE						
Audiovisual Cost						
Miscellaneous Cost						
Total Cost of Other Revenue						
TOTAL COST OF SALES AND OTHER REVENUE						
GROSS PROFIT (LOSS)						
EXPENSES						
Payroll and Related Expenses						
Salaries, Wages, and Bonuses						
Salaries and Wages						
Bonuses and Incentives						
Total Salaries, Wages, and Bonuses						
Payroll-Related Expenses						
Payroll Taxes						
Supplemental Pay						
Employee Benefits						
Total Payroll-Related Expenses						
Total Payroll and Related Expenses						

(continued)

FOOD AND BEVERAGE—SCHEDULE 2 (continued)

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	FORECAST	PRIOR YEAR	ACTUAL	FORECAST	PRIOR YEAR
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
Other Expenses						
Banquet Expense						
China						
Cleaning Supplies						
Complimentary Services and Gifts						
Contract Services						
Corporate Office Reimbursables						
Decorations						
Dishwashing Supplies						
Dues and Subscriptions						
Equipment Rental						
Flatware						
Glassware						
Ice						
Kitchen Fuel						
Laundry and Dry Cleaning						
Licenses and Permits						
Linen						
Management Fees						
Menus and Beverage Lists						
Miscellaneous						
Music and Entertainment						
Operating Supplies						
Paper and Plastics						
Printing and Stationery						
Royalty Fees						
Telecommunications						
Training						
Travel—Meals and Entertainment						
Travel—Other						
Uniform Laundry						
Uniforms						
Utensils						
Total Other Expenses						
TOTAL EXPENSES						
DEPARTMENTAL INCOME (LOSS)						

The financial results of a property's food and beverage operations can be presented in two ways: (1) as a single department with a combined food and beverage schedule, or (2) as separate departments with separate food and beverage sub-schedules, which then must be combined into a single food and beverage schedule. The structures of the schedules are the same in either case, and the categories of revenues and expenses are common to both departments. *Food and Beverage—Schedule 2* reflects the proper format for a combined food and beverage department and designates the revenue and expense accounts that are approved as line items in the *Uniform System*. Individual properties may delete irrelevant line items, but the

Uniform System does not provide for the addition or substitution of other revenue or expense line items. Rather, properties may choose to develop a sub-account/sub-schedule to provide more detail related to a particular revenue or expense item. This sub-account/sub-schedule is then to be rolled into the appropriate line item. Additionally, properties may choose to delete some of the columns or to show them in a different order and remain "in conformity with the *Uniform System*."

The line items for Food and Beverage—Schedule 2 are defined in the following discussions of the Food and Beverage Sub-schedules.

FOOD—SUB-SCHEDULE 2-1

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	FORECAST	PRIOR YEAR	ACTUAL	FORECAST	PRIOR YEAR
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
REVENUE						
Outlet Food Revenue						
In-Room Dining Food Revenue						
Banquet/Catering Food Revenue						
Mini Bar Food Revenue						
Other Food Revenue						
Less: Allowances						
Total Food Revenue						
OTHER REVENUE						
Audiovisual						
Public Room Rentals						
Cover Charges						
Service Charges						
Miscellaneous Other Revenue						
Less: Allowances						
Total Other Revenue						
TOTAL REVENUE						
COST OF FOOD SALES						
COST OF OTHER REVENUE						
Audiovisual Cost						
Miscellaneous Cost						
Total Cost of Other Revenue						
TOTAL COST OF FOOD SALES AND OTHER REVENUE						
GROSS PROFIT (LOSS)						
EXPENSES						
Payroll and Related Expenses						
Salaries, Wages, and Bonuses						
Salaries and Wages						
Bonuses and Incentives						
Total Salaries, Wages, and Bonuses						
Payroll-Related Expenses						
Payroll Taxes						
Supplemental Pay						
Employee Benefits						
Total Payroll-Related Expenses						
Total Payroll and Related Expenses						
Other Expenses						
Banquet Expense						
China						
Cleaning Supplies						
Complimentary Services and Gifts						
Contract Services						
Corporate Office Reimbursables						
Decorations						
Dishwashing Supplies						

(continued)

FOOD—SUB-SCHEDULE 2-1 (continued)

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	FORECAST	PRIOR YEAR	ACTUAL	FORECAST	PRIOR YEAR
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
Dues and Subscriptions						
Equipment Rental						
Flatware						
Glassware						
Ice						
Kitchen Fuel						
Laundry and Dry Cleaning						
Licenses and Permits						
Linen						
Management Fees						
Menus and Beverage Lists						
Miscellaneous						
Music and Entertainment						
Operating Supplies						
Paper and Plastics						
Printing and Stationery						
Royalty Fees						
Telecommunications						
Training						
Travel—Meals and Entertainment						
Travel—Other						
Uniform Laundry						
Uniforms						
Utensils						
Total Other Expenses						
TOTAL EXPENSES						
DEPARTMENTAL INCOME (LOSS)						

Food—Sub-schedule 2-1 presents the proper format for a separate Food department. When separate schedules for food and beverage are prepared, it must be noted that whether a sale is classified as food or beverage revenue is decided by definition of those revenues and is not dependent on the type of outlet in which the sale occurs or the department whose staff is performing service. Moreover, proper recording of payroll costs, other expenses, and other income must occur when Food and Beverage departments are separate in order to match revenues and expenses on departmental schedules.

Revenue

Food Revenue includes all sales of food and non-alcoholic beverages for consumption by customers. Non-alcoholic beverages are included in beverage revenue only when served in a "beverage only" outlet (bar or lounge) where no food is sold. Non-consumable items sold in the Food department are recorded as Other Income.

Outlet Food Revenue

Outlet Food Revenue includes sales of food in specific dining areas in the property. Examples of outlets are restaurants, lounges, delicatessens, bakeries, snack shops, and pool areas. Banquet rooms and guestrooms are not considered outlets.

In-Room Dining Food Revenue

In-Room Dining Food Revenue includes sales of food that require delivery to customers in their guestroom. In-Room Dining Food Revenue can also include sales that require delivery to other areas inside the hotel or outside as in the example of condominiums that may be located near a hotel. Group sales of food ordered from and serviced by the Banquet/Catering department and delivered to guestrooms/suites or outside locations are recorded as Banquet/Catering Food Revenue.

Banquet/Catering Food Revenue

Banquet/Catering Food Revenue includes sales of food in a property's banquet rooms and for group functions outside the property. The banquet designation is used for sales related to groups of customers occupying guestrooms, while catering sales are related to groups of customers who are not occupying guestrooms. Banquet/Catering Food Revenue also includes sales from food service performed by the Banquet/Catering department in a guestroom/suite.

Mini Bar Food Revenue

Mini Bar Food Revenue includes sales of packaged food—for example, candy, snacks, or soft drinks—placed in a guestroom. Revenue from the sale of bottled water in the guestroom is also credited to this account.

Other Food Revenue

Other Food Revenue includes sales of consumable food items not designated as Outlet, In-Room Dining, Banquet/Catering, or Mini Bar revenues. An example of Other Food Revenue is food sold at the property's front desk or on a golf course.

Allowances

Allowances refers to a reduction in revenue due to a service problem, and not an error in posting. Errors in posting, such as charging an incorrect amount on a guest check, are treated as an adjustment to revenue, regardless of the accounting period in which the error occurred.

Total Food Revenue

Total Food Revenue is calculated by adding together Outlet Food Revenue, In-Room Dining Food Revenue, Banquet/Catering Food Revenue, Mini Bar Food Revenue, and Other Food Revenue and subtracting Allowances.

Other Revenue

Other Revenue includes sales of services and all products that are not consumable food items.

Audiovisual

Audiovisual includes revenues and commissions derived from supplying audiovisual equipment and services to customers, whether the equipment is owned by the property or rented from a third party. If the services and equipment are obtained from an outside company, the costs incurred are charged to Audiovisual Cost.

Public Room Rentals

Public Room Rentals includes revenue derived from the rental of public meeting rooms to customers. If a guestroom/suite is used as a meeting room and Banquet/Catering Food Revenue occurs, the meeting room revenue is recorded as Public Room Rentals. If Banquet/Catering Food Revenue does not occur in the guestroom/suite, meeting room revenue is recorded as Other Rooms Revenue in the Rooms department.

Cover Charges

Cover Charges includes charges to customers for entrance to special events where food is sold.

Service Charges

Service Charges includes automatic charges added to any food sale to help cover the cost of staff service to the customer. Service Charges must be recorded as revenue and may not be credited to any expense account. Discretionary amounts added to a food sale as a gratuity to an employee by the customer are treated as tip income to the employee.

Miscellaneous Other Revenue

Miscellaneous Other Revenue includes all non-food items or services sold to customers in the Food department that are not included in Audiovisual, Public Room Rentals, Cover Charges, or Service Charges. Miscellaneous Other Revenue also includes any revenue generated by the sale of non-food items in the guestroom. Costs associated with providing these items and services are charged to Miscellaneous Cost. Temporary Internet connection service fees are included in the Telecommunications department.

Allowances

Allowances refers to a reduction in revenue due to a service problem, and not an error in posting. Errors in posting, such as charging an incorrect price, are treated as an adjustment to revenue, regardless of the accounting period in which the error occurred.

Total Other Revenue

Total Other Revenue is calculated by adding together Audiovisual, Public Room Rentals, Cover Charges, Service Charges, and Miscellaneous Other Revenue and subtracting Allowances.

Total Revenue

Total Revenue is the sum of Total Food Revenue and Total Other Revenue. The sum of Total Revenue from the Food department and Total Revenue from the Beverage department is amount that appears on the Summary Operating Statement under Revenue—Food and Beverage.

In completing the revenue section of Schedule 2 or Sub-schedule 2-1, the Total Revenue line is considered to be 100 percent, and the percentage for each source of revenue is determined by dividing the dollar amount for that revenue source by Total Revenue for the Food and Beverage department (on Schedule 2) or for the Food department (on Sub-schedule 2-1).

Cost of Food Sales

Cost of Food Sales includes the cost of food served to guests in all segments of food revenues. Cost of Food Sales also includes the cost of beverage items transferred from the beverage department and used in food preparation and service. Spoilage, waste, and spillage are included in Cost of Food Sales and are not charged to Other Expenses. Cost of Food Sales does not include costs of food items that have been transferred to other departments to be used in preparation or decoration in those departments (this includes the cost of non-alcoholic beverages such as soft drinks whose sales are included in the definition of beverage revenue). Such transfers are charged directly to the appropriate cost accounts in the departments receiving the items. If food items are sold at cost and revenue is not recorded (commissary and steward's sales), the sale is credited to the Cost of Food Sales. Cost of Food Sales does not include the cost of food used in preparation of meals provided for employees during the workday even if employees are charged for food consumed. The cost of Employee Meals and revenues collected from employees are both charged to the Employee Cafeteria for allocation to each department having employees. Cost of Food Sales does not include the cost associated with food inventory items used for gratis presentation to customers, vendors, and employees of all departments in a hotel. The cost of this complimentary food is charged as an expense to Complimentary Services and Gifts in the department that makes the gratis presentation. Finally, if a vendor provides a rebate on food purchased, it is subtracted from the Cost of Food Sales.

The percentage for Cost of Food Sales is calculated by dividing Cost of Food Sales by Total Food Revenue.

Cost of Other Revenue

Cost of Other Revenue includes the costs associated with the sales of services and all products that are not consumable food items. The percentage for each item under Cost of Other Revenue is calculated by dividing the dollar cost by its corresponding revenue amount.

Audiovisual Cost

Audiovisual Cost includes the cost associated with providing audiovisual services to customers in the Food department. The income received from charging customers for these services is recorded as Audiovisual revenue.

Miscellaneous Cost

Miscellaneous Cost includes the cost associated with providing non-food items and services other than audiovisual services to customers in the Food department. The income received from charging customers for these items and services is recorded as Miscellaneous Other Revenue. The cost of providing temporary Internet connections is reported in the Telecommunications department.

Total Cost of Other Revenue

Total Cost of Other Revenue is calculated by adding Audiovisual Cost and Miscellaneous Cost. The percentage for Total Cost of Other Revenue is calculated by dividing Total Cost of Other Revenue by Total Other Revenue.

Total Cost of Food Sales and Other Revenue

Total Cost of Food Sales and Other Revenue is the sum of Cost of Food Sales and Total Cost of Other Revenue. The percentage for Total Cost of Food Sales and Other Revenue is calculated by dividing the dollar amount of Total Cost of Food Sales and Other Revenue by Total Revenue for the Food department.

Gross Profit (Loss)

Gross Profit (Loss) is calculated by subtracting Total Cost of Sales and Other Revenue from Total Revenue for the Food department. The percentage for Gross Profit (Loss) is calculated by dividing the dollar amount of Gross Profit (Loss) by Total Revenue for the Food department.

Expenses

Food department expenses are separated into two major categories: Payroll and Related Expenses and Other Expenses.

Payroll and Related Expenses

Payroll and Related Expenses for the Food department comprises the expenses associated with Salaries, Wages, and Bonuses and Payroll-Related Expenses for employees of the Food department. A list of the positions typically included in the Food department is shown on page 175.

Salaries, Wages, and Bonuses. This grouping includes (1) Salaries and Wages and (2) Bonuses and Incentives. Salaries and Wages includes only earnings paid to an employee for duties that relate to the operation of the property, such as regular pay, overtime pay, and shift differential pay. If an employee works in a department other than his or her regular home department, his or her earnings

must be charged as Salaries and Wages in that other department, regardless of the duties being performed. For example, if a Food department employee works as a server for an employee awards banquet, his or her earnings are charged to Salaries and Wages in Administrative and General, and not to this line item. Payroll-Related Expenses (described below) for the above example are treated similarly and charged as Payroll-Related Expenses in Administrative and General.

Salaries and Wages also includes contract or leased labor. Contract or leased labor refers to those situations in which a property enters into an agreement with an outside service to provide employees to fill positions that would normally be held by individuals paid on the regular payroll. In these situations, the property usually supervises the individuals and records or tracks their hours worked and pays them on an hourly basis. A typical example is the use of individuals brought into the property to fill in for a shortage of Food department staff. This situation differs from a contract service in which a property has an agreement with an outside company to provide some type of service, such as cleaning kitchen area space. In this case, the contracted organization typically provides the supervision and ensures that the work is performed. The costs associated with this type of agreement are charged under Contract Services for the department receiving the service.

Bonuses and Incentives includes bonuses, incentive pay, and other types of performance pay designed to drive revenue through sales, profit, or guest satisfaction measures.

Total Salaries, Wages, and Bonuses. Calculated by adding together Salaries and Wages and Bonuses and Incentives.

Payroll-Related Expenses. Payroll-Related Expenses includes amounts paid for an employee for duties that relate to the operation of the property and amounts paid for an employee who works in a department other than his or her regular home department regardless of the duties being performed. Payroll-Related Expenses includes the following items:

- **Payroll Taxes.** Includes Federal Retirement and Medicare (FICA), Federal and State Unemployment Taxes (FUTA and SUTA), State Disability Insurance (SDI), and other mandated payroll-related taxes or social insurance items. (See *Payroll-Related Expenses—Schedule 13*.)
- **Supplemental Pay.** Includes personal days, vacation pay, sick pay, holiday pay, jury duty pay, relocation pay, paid time off, and severance pay. Supplemental Pay also includes bonuses and incentive payments that are discretionary and not determined by results from operations.
- **Employee Benefits.** Includes all other payroll-related expenses, such as employer-paid health insurance expenses, cost of meals furnished to employees, pension contributions, and union fees. (See *Payroll-Related Expenses—Schedule 13*.) The distribution of employee meal costs from *Employee Cafeteria—Schedule 12* is charged to this line.

Total Payroll-Related Expenses. Calculated by adding together Payroll Taxes, Supplemental Pay, and Employee Benefits.

Total Payroll and Related Expenses

Total Payroll and Related Expenses is calculated by adding together Total Salaries, Wages, and Bonuses and Total Payroll-Related Expenses. The percentage for each payroll and related expense line item as well as Total Payroll and Related Expenses is calculated by dividing the line item amount by Total Revenue for the Food department.

Other Expenses

This expense grouping includes the significant Food department expenses approved as Other Expenses in the *Uniform System*. Individual properties may delete irrelevant line items, but the *Uniform System* does not provide for the addition or substitution of other expense line items. Rather, properties may choose to develop a sub-account/sub-schedule to provide more detail related to a particular expense item. This sub-account/sub-schedule is then to be rolled into the appropriate line item listed below.

Banquet Expense. Includes the cost of items used in providing banquet service for which matching Other Revenue and Cost of Other Revenue accounts cannot be identified. If expenses can be matched to specific other revenue accounts (audiovisual or miscellaneous), they are recorded as Cost of Other Revenue.

China. Includes the cost of purchased or rented plates, bowls, serving platters, etc., constructed from any material (ceramic, glass, metal, non-disposable plastic, etc.) and used in providing food service with the exception of non-alcoholic beverage items. The cost of containers for consumption of non-alcoholic beverages is charged to Glassware.

Cleaning Supplies. Includes the cost of products used in cleansing, sweeping, polishing, waxing, and disinfecting areas associated with the Food department. The cost of cleaning supplies used in dishwashing is charged to Dishwashing Supplies.

Complimentary Services and Gifts. Includes the cost of providing gift items used in gratis presentations for promotional purposes to guests and vendors of the Food department.

Contract Services. Includes expenses for activities performed for the Food department by outside companies rather than hotel employees. The cost of contracting an outside company to clean the ducts and other components of the kitchen ventilation system is an example. If supplies are purchased for contract companies to use, the supplies are charged to the appropriate supply account. The cost of contracts for Food department laundry and dry cleaning is charged to Laundry and Dry Cleaning.

Corporate Office Reimbursables. Includes the allocations of salaries and expenses of corporate or management company food personnel billed to the property by the regional or corporate office or by the management company. Travel expenses of corporate or management company food personnel that are incurred

while visiting the property, including the costs of meals and other applicable services or amenities provided to corporate or management company staff while on business in the property for the benefit of the property, are also charged to this account.

Decorations. Includes the cost of decorative items used in Food department areas for holidays and special events that are not charged directly to banquet customers. (The cost of decorations charged to banquet customers is recorded as Cost of Other Revenue.) Decorations also includes the costs of ice blocks used in decorative carvings.

Dues and Subscriptions. Includes the cost of representation of the Food department, or of members of the staff when authorized to represent the Food department, in business or professional organizations. Dues and Subscriptions is also charged with the cost of subscriptions to newspapers, magazines, and books for use by the staff of the Food department.

Dishwashing Supplies. Includes the cost of cleaning, rinsing, and soaking agents used specifically in washing china, glassware, flatware, and utensils in the Food department.

Equipment Rental. Includes the cost of renting any type of equipment that may be used either sporadically in the Food department or as a replacement for equipment out of service on a temporary basis. Equipment that is rented on a continuous basis and, if purchased, would qualify as a capital purchase is charged to Other Property and Equipment under the Rent section of *Rent, Property and Other Taxes, and Insurance—Schedule 10*. The costs of equipment rental charged to banquet customers is recorded as Cost of Other Revenue.

Flatware. Includes the cost of all flatware and serving pieces (serving spoons, cake knives, ladles, etc.), either purchased or rented, used in providing food service.

Glassware. Includes the cost of purchased or rented containers constructed from any material (glass, ceramic, metal, non-disposable plastic, etc.) used in consumption of non-alcoholic beverages. Service items such as pitchers and tea sets are charged to China, along with the costs of cups and mugs used for coffee service.

Ice. Includes the cost of ice used in food service, storage, or preparation. The cost of ice blocks used in decorative carvings and not charged to banquet customers is recorded as Decorations.

Kitchen Fuel. Includes the cost of fuels such as Sterno, propane, and charcoal used in the warming, or sometimes specialized cooking, of food.

Laundry and Dry Cleaning. Includes the cost of laundry and dry cleaning services applicable to the Food department, whether the services are performed by an in-house facility or are contracted to an outside company. If the services are performed by an in-house laundry, an allocation from House Laundry is charged to Laundry and Dry Cleaning. If the services are performed by an outside company,

the amount charged to Laundry and Dry Cleaning should be based on invoices sent by the outside laundry. The cost of cleaning employee uniforms is charged to the Uniform Laundry account.

Licenses and Permits. Includes the cost of federal, state, and local licenses, including costs of inspections needed for licensing, for all activities of the Food department.

Linen. Includes the cost, whether purchased or rented, of table cloths, napkins, table runners, and skirting used by the Food department.

Management Fees. Includes any amounts paid to a third-party individual or company to operate or manage a food outlet within the property, whether the fees are computed as a fixed amount or a percentage of revenues or profit.

Menus and Beverage Lists. Includes all costs of designing and printing menus for the Food department. The costs of decorative and protective covers are also charged to this line item.

Miscellaneous. Includes any expenses of the Food department that do not apply to the other line items discussed in this section.

Music and Entertainment. Includes all costs of providing live or recorded entertainment within the Food department. Entertainment costs charged to banquet customers are recorded as Cost of Other Revenue.

Operating Supplies. Includes the cost of operating and general office supplies needed to operate the Food department that are not included in the descriptions of specific supply accounts such as Cleaning Supplies, Menus, Paper and Plastics, and Printing and Stationery.

Paper and Plastics. Includes the cost of all general supplies for the Food department made from paper, plastic, and Styrofoam that are not specifically assigned by definition to other line items. Items charged to this line include chef hats, paper bags, aluminum foil, can liners, disposable plastic utensils, and disposable paper plates.

Printing and Stationery. Includes the cost of printed forms used in the Food department, whether they are purchased from an outside source or produced internally. The cost of producing menus is charged to Menus and Beverage Lists.

Royalty Fees. Includes all costs associated with the right to use a brand name in connection with a Food department activity. For example, the fees paid for use of a brand name to identify a property food outlet, including franchise fees, are charged to this line item. If the food outlet serves both food and beverage, then the fees should be split between the departments on a reasonable basis.

Telecommunications. Includes any telecommunications expenditures that can be directly related to the Food department, including the costs of local, long distance, and Internet communications. Telecommunications includes not only traditional telephone systems, but also the cost of cellular phones, including the

equipment and periodic service charges, used in the Food department. Telecommunications charged to banquet customers is recorded in the Telecommunications department.

Training. Includes the cost, other than time, that can be directly attributed to the training of employees in the Food department. Examples include the costs of training materials, supplies, and instructor fees. The cost of employee wages incurred during training is charged to Salaries and Wages.

Travel—Meals and Entertainment. Includes the reimbursable cost of food and beverage expenditures for travel and entertainment, by employees of the Food department traveling on property business.

Travel—Other. Includes the cost of travel and reimbursable expenditures, other than food, beverage, and entertainment by employees of the Food department traveling on property business.

Uniform Laundry. Includes the cost of cleaning uniforms for employees of the Food department whether performed by an in-hotel facility or contracted to an outside company.

Uniforms. Includes the cost of employee uniforms used in the Food department, whether purchased or rented. Repair costs are also included in this line item. The cost of cleaning uniforms is charged to the Uniform Laundry account.

Utensils. Includes the cost of kitchen utensils used in food preparation, whether purchased or rented.

Total Other Expenses

Total Other Expenses is calculated by adding all items listed under Other Expenses. The percentage for each line item expense as well as Total Other Expenses is calculated by dividing the line item amount by Total Revenue for the Food department.

Total Expenses

Total Expenses is calculated by adding Total Payroll and Related Expenses to Total Other Expenses. The percentage for Total Expenses is calculated by dividing Total Expenses by Total Revenue for the Food department.

The sum of Total Cost of Food Sales and Other Revenue and Total Expenses for the Food department and Total Cost of Beverage Sales and Other Revenue and Total Expenses for the Beverage department is the amount that appears on the Summary Operating Statement under Departmental Expenses—Food and Beverage.

Departmental Income (Loss)

Departmental Income (Loss) is calculated by subtracting Total Expenses from Gross Profit. The percentage for Departmental Income (Loss) is calculated by dividing Departmental Income (Loss) by Total Revenue for the Food department.

BEVERAGE—SUB-SCHEDULE 2-2

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL		PRIOR YEAR	ACTUAL		PRIOR YEAR
	\$	%		\$	%	
REVENUE						
Outlet Beverage Revenue						
In-Room Dining Beverage Revenue						
Banquet/Catering Beverage Revenue						
Mini Bar Beverage Revenue						
Other Beverage Revenue						
Less: Allowances						
Total Beverage Revenue						
OTHER REVENUE						
Audiovisual						
Public Room Rentals						
Cover Charges						
Service Charges						
Miscellaneous Other Revenue						
Less: Allowances						
Total Other Revenue						
TOTAL REVENUE						
COST OF BEVERAGE SALES						
COST OF OTHER REVENUE						
Audiovisual Cost						
Miscellaneous Cost						
Total Cost of Other Revenue						
TOTAL COST OF BEVERAGE SALES AND OTHER REVENUE						
GROSS PROFIT (LOSS)						
EXPENSES						
Payroll and Related Expenses						
Salaries, Wages, and Bonuses						
Salaries and Wages						
Bonuses and Incentives						
Total Salaries, Wages, and Bonuses						
Payroll-Related Expenses						
Payroll Taxes						
Supplemental Pay						
Employee Benefits						
Total Payroll-Related Expenses						
Total Payroll and Related Expenses						
Other Expenses						
Banquet Expense						
China						
Cleaning Supplies						
Complimentary Services and Gifts						
Contract Services						
Corporate Office Reimbursables						
Decorations						
Dishwashing Supplies						

(continued)

BEVERAGE—SUBSCHEDULE 2-2 (continued)

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	FORECAST	PRIOR YEAR	ACTUAL	FORECAST	PRIOR YEAR
	\$: %	\$: %	\$: %	\$: %	\$: %	\$: %
Dues and Subscriptions						
Equipment Rental						
Flatware						
Glassware						
Ice						
Kitchen Fuel						
Laundry and Dry Cleaning						
Licenses and Permits						
Linen						
Management Fees						
Menus and Beverage Lists						
Miscellaneous						
Music and Entertainment						
Operating Supplies						
Paper and Plastics						
Printing and Stationery						
Royalty Fees						
Telecommunications						
Training						
Travel—Meals and Entertainment						
Travel—Other						
Uniform Laundry						
Uniforms						
Utensils						
Total Other Expenses						
TOTAL EXPENSES						
DEPARTMENTAL INCOME (LOSS)						

Beverage—Sub-schedule 2-2 presents the proper format for a separate Beverage department. When separate schedules for food and beverage are prepared, it must be noted that whether a sale is classified as food or beverage revenue is decided by definition of those revenues and is not dependent on the type of outlet in which the sale occurs or the department whose staff is performing service. Moreover, proper recording of payroll costs, other expenses, and other income must occur when Food and Beverage departments are separate in order to match revenues and expenses on departmental schedules.

Revenue

Beverage Revenue includes all sales of alcoholic beverages for consumption by customers. Non-alcoholic beverages are recorded as food revenue in the Food department unless served in a normally pure beverage outlet (bar or lounge) and without food. Non-consumable items sold in the Beverage department are recorded as Other Revenue.

Outlet Beverage Revenue

Outlet Beverage Revenue includes beverage sales in specific dining areas in the property. Examples of outlets are restaurants, lounges, bars, and pool areas. Banquet rooms and guestrooms are not considered outlets.

In-Room Dining Beverage Revenue

In-Room Dining Beverage Revenue includes beverage sales that require delivery to customers in their guestroom. In-Room Dining Beverage Revenue can also include sales that require delivery to other areas inside the hotel or outside as in the example of condominiums that may be located near a property. Group beverage sales ordered from and serviced by the Banquet/Catering department and delivered to outside locations are recorded as Banquet/Catering Beverage Revenues.

Banquet/Catering Beverage Revenue

Banquet/Catering Beverage Revenue includes beverage sales in the property's banquet rooms and for group functions outside the hotel. The banquet designation is used for sales related to groups of customers occupying guestrooms, while catering sales are related to groups of customers who are not occupying guestrooms. Banquet/Catering Beverage Revenues also include sales from beverage service performed by the Banquet/Catering department in a guestroom/suite.

Mini Bar Beverage Revenue

Mini Bar Beverage Revenue includes sales of packaged beverages (bottles and cans) placed in a guestroom.

Other Beverage Revenue

Other Beverage Revenue includes sales of consumable beverage items not designated as Outlet, In-Room Dining, Banquet/Catering, or Mini Bar revenues. An example of Other Beverage Revenue is beverages sold at the property's front desk or in a tennis shop.

Allowances

Allowances refers to a reduction in revenue due to a service problem, and not an error in posting. Errors in posting, such as charging an incorrect amount on a guest check, are treated as an adjustment to revenue, regardless of the accounting period in which the error occurred.

Total Beverage Revenue

Total Beverage Revenue is calculated by adding together Outlet Beverage Revenue, In-Room Dining Beverage Revenue, Banquet/Catering Beverage Revenue, Mini Bar Beverage Revenue, and Other Beverage Revenue and subtracting Allowances.

Other Revenue

Other Revenue includes sales of services and all products that are not consumable beverage items.

Audiovisual

Audiovisual includes revenues and commissions derived from supplying audiovisual equipment and services to customers, whether the equipment is owned by the property or rented from a third party. If the services and equipment are obtained from an outside company, then the costs incurred are charged to Audiovisual Cost.

Public Room Rentals

Public Room Rentals includes revenues derived from the rental of public meeting rooms to customers. If a guestroom/suite is used as a meeting room and Banquet/Catering Beverage Revenue occurs, the meeting room revenue is recorded as Public Room Rentals. If Banquet/Catering Beverage Revenue does not occur in the guestroom/suite, meeting room revenue is recorded as Other Rooms Revenue in the Rooms department.

Cover Charges

Cover Charges includes charges to customers for entrance to special events where beverage is sold.

Service Charges

Service Charges includes automatic charges added to any beverage sale to help cover the cost of staff service to the customer. Service Charges must be recorded as revenue and may not be credited to any expense account. Discretionary amounts added to a beverage sale as a gratuity to an employee by the customer are treated as tip income to the employee.

Miscellaneous Other Revenue

Miscellaneous Other Revenue includes all non-beverage items or services sold to customers in the Beverage department that are not included in Audiovisual, Public Room Rentals, Cover Charges, or Service Charges. Costs associated with providing these items and services is charged to Miscellaneous Cost. Temporary Internet connection service fees are included in the Telecommunications department.

Allowances

Allowances refers to a reduction in revenue due to a service problem, and not an error in posting. Errors in posting, such as charging an incorrect amount, are treated as an adjustment to revenue.

Total Other Revenue

Total Other Revenue is calculated by adding together Audiovisual, Public Room Rentals, Cover Charges, Service Charges, and Miscellaneous Other Revenue and subtracting Allowances.

Total Revenue

Total Revenue is the sum of Total Beverage Revenue and Total Other Revenue. The sum of Total Revenue from the Beverage department and Total Revenue from the Food department is amount that appears on the Summary Operating Statement under Revenue—Food and Beverage.

In completing the revenue section of Schedule 2 or Sub-schedule 2-2, the Total Revenue line is considered to be 100 percent, and the percentage for each source of revenue is determined by dividing the dollar amount for that revenue source by Total Revenue for the Food and Beverage department (on Schedule 2) or for the Beverage department (on Sub-schedule 2-2).

Cost of Beverage Sales

Cost of Beverage Sales includes the cost of alcoholic beverages served to guests in all segments of beverage revenues. Cost of Beverage Sales also includes the cost of food items transferred from the food department and used in alcoholic beverage preparation and service (this includes the cost of non-alcoholic beverages such as soft drinks whose sales are included in the definition of beverage revenue). Spoilage, waste, and spillage are included in Cost of Beverage Sales and are not charged to Other Expenses. Cost of Beverage Sales does not include costs of beverage items that have been transferred to other departments to be used in preparation or decoration in those departments. Such transfers are charged directly to the appropriate cost accounts in the departments receiving the items. If beverage items are sold at cost and revenue is not recorded (commissary or steward's sales), the sale is credited to the Cost of Beverage Sales. Cost of Beverage Sales does not include the cost associated with beverage inventory items being used for gratis presentation to customers, vendors, and employees of all departments in a hotel. The cost of this complimentary beverage is charged as an expense to Complimentary Services and Gifts in the department that makes the gratis presentation. Finally, if beverage vendor rebates are legal within a jurisdiction and a vendor provides a rebate on beverage purchased, it is subtracted from the Cost of Beverage Sales.

The percentage for Cost of Beverage Sales is calculated by dividing Cost of Beverage Sales by Total Beverage Revenue.

Cost of Other Revenue

Cost of Other Revenue includes the costs associated with the sales of services and all products that are not consumable beverage items. The percentage for each item under Cost of Other Revenue is calculated by dividing the dollar cost by its corresponding revenue amount.

Audiovisual Cost

Audiovisual Cost includes the cost associated with providing audiovisual services to customers in the Beverage department. The income received from charging customers for these services is recorded as Audiovisual revenue.

Miscellaneous Cost

Miscellaneous Cost includes the cost associated with providing non-beverage items and services other than audiovisual services to customers in the Beverage department. The income received from charging customers for these items and services is recorded as Miscellaneous Other Revenue. The cost of providing temporary Internet connections is reported in the Telecommunications department.

Total Cost of Other Revenue

Total Cost of Other Revenue is calculated by adding Audiovisual Cost and Miscellaneous Cost. The percentage for Total Cost of Other Revenue is calculated by dividing Total Cost of Other Revenue by Total Other Revenue.

Total Cost of Beverage Sales and Other Revenue

Total Cost of Beverage Sales and Other Revenue is the sum of Cost of Beverage Sales and Total Cost of Other Revenue. The percentage for Total Cost of Beverage Sales and Other Revenue is calculated by dividing Total Cost of Beverage Sales and Other Revenue by Total Revenue for the Beverage department.

Gross Profit (Loss)

Gross Profit (Loss) is calculated by subtracting Total Cost of Sales and Other Revenue from Total Revenue for the Beverage department. The percentage for Gross Profit (Loss) is calculated by dividing Gross Profit (Loss) by Total Revenue for the Beverage department.

Expenses

Beverage department expenses are separated into two major categories: Payroll and Related Expenses and Other Expenses.

Payroll and Related Expenses

Payroll and Related Expenses for the Beverage department comprises the expenses associated with Salaries, Wages, and Bonuses and Payroll-Related Expenses for employees of the Beverage department. A list of the positions typically included in the Beverage department is shown on page 175.

Salaries, Wages, and Bonuses. This grouping includes (1) Salaries and Wages and (2) Bonuses and Incentives. Salaries and Wages includes only earnings paid to an employee for duties that relate to the operation of the property, such as regular pay, overtime pay, and shift differential pay. If an employee works in a department other than his or her regular home department, his or her earnings must be charged as Salaries and Wages in that other department, regardless of the duties being performed. For example, if a Beverage department employee works as a server for an employee awards banquet, his or her earnings are charged to Salaries and Wages in Administrative and General, and not to this line item. Payroll-Related Expenses (described below) for the above example are treated similarly and charged as Payroll-Related Expenses in Administrative and General.

Salaries and Wages also includes contract or leased labor. Contract or leased labor refers to those situations in which a property enters into an agreement with an outside service to provide employees to fill positions that would normally be held by individuals paid on the regular payroll. In these situations, the property usually supervises the individuals and records or tracks their hours worked and pays them on an hourly basis. A typical example is the use of individuals brought into the property through an employment agency to fill in for a shortage of bartending staff. This situation differs from a contract service in which a property has an agreement with an outside company to provide some type of service. In this case, the contracted organization typically provides the supervision and ensures that the work is performed. The costs associated with this type of agreement are charged under Contract Services for the department receiving the service.

Bonuses and Incentives includes bonuses, incentive pay, and other types of performance pay designed to drive revenue through sales, profit, or guest satisfaction measures.

Total Salaries, Wages, and Bonuses. Calculated by adding together Salaries and Wages and Bonuses and Incentives.

Payroll-Related Expenses. Payroll-Related Expenses includes amounts paid for an employee for duties that relate to the operation of the property and amounts paid for an employee who works in a department other than his or her regular home department regardless of the duties being performed. Payroll-Related Expenses includes the following items:

- **Payroll Taxes.** Includes Federal Retirement and Medicare (FICA), Federal and State Unemployment Taxes (FUTA and SUTA), State Disability Insurance (SDI), and other mandated payroll-related taxes or social insurance items. (See *Payroll-Related Expenses—Schedule 13*.)
- **Supplemental Pay.** Includes personal days, vacation pay, sick pay, holiday pay, jury duty pay, relocation pay, paid time off, and severance pay. Supplemental Pay also includes bonuses and incentive payments that are discretionary and not determined by results from operations.
- **Employee Benefits.** Includes all other payroll-related expenses, such as employer-paid health insurance expenses, cost of meals furnished to employees, pension contributions, and union fees. (See *Payroll-Related Expenses—Schedule 13*.) The distribution of employee meal costs from *Employee Cafeteria—Schedule 12* is charged to this line.

Total Payroll-Related Expenses. Calculated by adding together Payroll Taxes, Supplemental Pay, and Employee Benefits.

Total Payroll and Related Expenses

Total Payroll and Related Expenses is calculated by adding together Total Salaries, Wages and Bonuses and Total Payroll-Related Expenses. The percentage for each payroll and related expense line item as well as Total Payroll and Related Expenses

is calculated by dividing the line item amount by Total Revenue for the Beverage department.

Other Expenses

This expense grouping includes the significant Beverage department expenses approved as Other Expenses in the *Uniform System*. Individual properties may delete irrelevant line items, but the *Uniform System* does not provide for the addition or substitution of other expense line items. Rather, properties may choose to develop a sub-account/sub-schedule to provide more detail related to a particular expense item. This sub-account/sub-schedule is then to be rolled into the appropriate line item listed below.

Banquet Expense. Includes the cost of items used in providing banquet service for which matching Other Revenue and Cost of Other Revenue accounts cannot be identified. If expenses can be matched to specific other revenue accounts (audiovisual or miscellaneous), they are recorded as Cost of Other Revenue.

China. Includes the cost of purchased or rented plates, bowls, serving platters, etc., constructed from any material (ceramic, glass, metal, non-disposable plastic, etc.) and used in providing complimentary food service in the Beverage department.

Cleaning Supplies. Includes the cost of products used in cleansing, sweeping, polishing, waxing, and disinfecting areas associated with the Beverage department. The cost of cleaning supplies used in dishwashing is charged to Dishwashing Supplies.

Complimentary Services and Gifts. Includes the cost of providing gift items used in gratis presentations for promotional purposes to guests and vendors of the Beverage department, such as the cost of food provided to guests on a complimentary basis during "Happy Hour."

Contract Services. Includes expenses for activities performed for the Beverage department by outside companies rather than hotel employees. The cost of contracting an outside company to clean the carpet in a lounge area is an example. If supplies are purchased for contract companies to use, the supplies are charged to the appropriate supply account. The cost of contracts for Beverage department laundry and dry cleaning is charged to Laundry and Dry Cleaning.

Corporate Office Reimbursables. Includes the allocations of salaries and expenses of corporate or management company beverage personnel billed to the property by the regional or corporate office or by the management company. Travel expenses of corporate or management company beverage personnel that are incurred while visiting the property, including the costs of meals and other applicable services or amenities provided to corporate or management company staff while on business in the property for the benefit of the property, are also charged to this account.

Decorations. Includes the cost of decorative items used in Beverage department areas for holidays and special events that are not charged directly to banquet

customers. (The cost of decorations charged to banquet customers is recorded as Cost of Other Revenue.) Decorations also includes the costs of ice blocks used in decorative carvings.

Dishwashing Supplies. Includes the cost of cleaning, rinsing, and soaking agents used specifically in washing china, glassware, silver, and utensils in the Beverage department.

Dues and Subscriptions. Includes the cost of representation of the Beverage department, or of members of the staff when authorized to represent the Beverage department, in business or professional organizations. Dues and Subscriptions is also charged with the cost of subscriptions to newspapers, magazines, and books for use by the staff of the Beverage department.

Equipment Rental. Includes the cost of renting any type of equipment that may be used either sporadically in the Beverage department or as a replacement for equipment out of service on a temporary basis. Equipment that is rented on a continuous basis and, if purchased, would qualify as a capital purchase is charged to Other Property and Equipment under the Rent section of *Rent, Property and Other Taxes, and Insurance—Schedule 10*. The costs of equipment rental charged to banquet customers is recorded as Cost of Other Revenue.

Flatware. Includes the cost of all flatware and serving pieces (serving spoons, cake knives, ladles, etc.), either purchased or rented, used in providing complimentary food service in the Beverage department.

Glassware. Includes the cost of purchased or rented containers constructed from any material (glass, ceramic, metal, non-disposable plastic, etc.) used in consumption of beverages as defined in the definition of beverage revenue.

Ice. Includes the cost of ice used in beverage service, storage, or preparation. The cost of ice blocks used in decorative carvings and not charged to banquet customers is recorded as Decorations.

Kitchen Fuel. Includes the cost of fuels such as Sterno used in the warming of complimentary food provided to guests during "Happy Hour."

Laundry and Dry Cleaning. Includes the cost of laundry and dry cleaning services applicable to the Beverage department, whether the services are performed by an in-house facility or are contracted to an outside company. If the services are performed by an in-house laundry, an allocation from House Laundry is charged to Laundry and Dry Cleaning. If the services are performed by an outside company, the amount charged to Laundry and Dry Cleaning should be based on invoices sent by the outside laundry. The cost of cleaning employee uniforms is charged to the Uniform Laundry account.

Licenses and Permits. Includes the cost of federal, state, and local licenses, including costs of inspections needed for licensing, for all activities of the Beverage department.

Linen. Includes the cost, whether purchased or rented, of tablecloths, napkins, table runners, and skirting used by the Beverage Department.

Management Fees. Includes any amounts paid to a third-party individual or company to operate or manage a beverage outlet within the property, whether the fees are computed as a fixed amount or a percentage of revenues or profit.

Menus and Beverage Lists. Includes all costs of designing and printing menus for the Beverage department. The costs of decorative and protective covers are also charged to this line item.

Miscellaneous. Includes any expenses of the Beverage department that do not apply to the other line items discussed in this section.

Music and Entertainment. Includes all costs of providing live or recorded entertainment within the Beverage department. Entertainment costs charged to banquet customers is recorded as Cost of Other Revenue.

Operating Supplies. Includes the cost of operating and general office supplies needed to operate the Beverage department that are not included in the descriptions of specific supply accounts such as Cleaning Supplies, Menus, Paper and Plastics, and Printing and Stationery. An example of an item included in this expense is bottle stoppers.

Paper and Plastics. Includes the cost of all general supplies for the Beverage department made from paper, plastic, and Styrofoam that are not specifically assigned by definition to other line items. Items charged to this line include stir sticks, cocktail picks, paper bags, aluminum foil, can liners, disposable plastic utensils, and disposable paper plates.

Printing and Stationery. Includes the cost of printed forms used in the Beverage department, whether they are purchased from an outside source or produced internally. The cost of producing beverage lists is charged to Menus and Beverage Lists.

Royalty Fees. Includes all costs associated with the right to use a brand name in connection with a Beverage department activity. For example, the fees paid for use of a brand name to identify a property beverage outlet, including franchisee fees, are charged to this line item. If the beverage outlet serves both food and beverage, then the fees should be split between the departments on a reasonable basis.

Telecommunications. Includes any telecommunications expenditures that can be directly related to the Beverage department, including the costs of local, long distance, and Internet communications. Telecommunications includes not only traditional telephone systems, but also the cost of cellular phones, including the equipment and periodic service charges, used in the Beverage department. Telecommunications charged to banquet customers is recorded in the Telecommunications department.

Training. Includes the cost, other than time, that can be directly attributed to the training of employees in the Beverage department. Examples include the costs

of training materials, supplies, and instructor fees. The cost of employee wages incurred during training is charged to Salaries and Wages.

Travel—Meals and Entertainment. Includes the reimbursable cost of food and beverage expenditures for travel and entertainment by employees of the Beverage department traveling on property business.

Travel—Other. Includes the cost of travel and reimbursable expenditures, other than food, beverage, and entertainment, by employees of the Beverage department traveling on property business.

Uniform Laundry. Includes the cost of cleaning uniforms for employees of the Beverage department whether performed by an in-hotel facility or contracted to an outside company.

Uniforms. Includes the cost of employee uniforms used in the Beverage department, whether purchased or rented. Repair costs are also included in this line item. The cost of cleaning uniforms is charged to the Uniform Laundry account.

Utensils. Includes the cost of utensils (strainers, wine openers, cutting boards/knives) used in providing beverage service, whether purchased or rented.

Total Other Expenses

Total Other Expenses is calculated by adding all items listed under Other Expenses. The percentage for each line item expense as well as Total Other Expenses is calculated by dividing the line item amount by Total Revenue for the Beverage department.

Total Expenses

Total Expenses is calculated by adding Total Payroll and Related Expenses to Total Other Expenses. The percentage for Total Expenses is calculated by dividing Total Expenses by Total Revenue for the Beverage department.

The sum of Total Cost of Beverage Sales and Other Revenue and Total Expenses for the Beverage department and Total Cost of Food Sales and Other Revenue and Total Expenses for the Food department is the amount that appears on the Summary Operating Statement under Departmental Expenses—Food and Beverage.

Departmental Income (Loss)

Departmental Income (Loss) is calculated by subtracting Total Expenses from Gross Profit. The percentage for Departmental Income (Loss) is calculated by dividing Departmental Income (Loss) by Total Revenue for the Beverage department.