Part III
Ratios and Statistics

The use of ratios and statistics as a basis of comparison, measurement, and communication is prevalent within the lodging industry. The usefulness of these tools is predicated on a commonality of definition and understanding. The various ratios and statistics that can be developed and be useful are numerous. The intent of this section is to provide a consistent, uniform definition of basic lodging industry ratios and statistics. This section includes only those ratios and statistics that are in widespread general use within the industry. It is not intended to be a complete listing and definition of all possible relevant ratios and statistics.

Ratio Analysis

Financial statements issued by lodging properties contain a considerable amount of information. A thorough analysis of this information requires more than simply reading the reported figures and facts. Users of financial statements need to be able to interpret the figures and facts, and make them yield information that reveals aspects of the property's financial situation or operation that could otherwise go unnoticed. This is accomplished through ratio analysis, which compares related facts reported on financial statements. A ratio gives mathematical expression to a relationship between two figures, and is calculated by dividing one figure by the other.

Ratios are meaningful only when compared to useful criteria. Useful criteria with which to compare the results of ratio analysis include:

- Other properties and industry averages
- The corresponding ratio calculated for a prior period
- Planned ratio goals

Ratio analysis can be extremely useful. However, ratios are only indicators; they do not resolve problems or actually reveal what the problems may be. At best, when ratios vary significantly from past periods, budgeted standards, or industry averages, they indicate that problems may exist. When problems appear to exist, considerably more analysis and investigation is necessary to determine the appropriate corrective actions.

The following paragraphs are intended to provide the reader with guidance regarding the use of ratios to measure hotel financial performance.

Comparisons to Other Properties and Industry Averages

The comparison of financial performance measurements to other properties and industry averages can be valuable. However, care must be used when comparing the performance of one hotel's operation to the average performance of the industry at large, a competitive set of properties, or a comparable group or type of properties. Consider the following points:

- The data should be used as a benchmark to measure the performance of the subject hotel against properties of similar size, age, location, revenue mix, chain-segment, ownership structure, management, facilities and services offered, amenities offered, etc. Careful consideration should be given to the

comparability of these criteria and the degree to which the criteria influence each revenue and expense item.

- Variances from the average should be used as an indication of the need for further investigation. There may be perfectly valid reasons why a particular hotel should be achieving a performance level above or below the industry-wide, competitive set, or comparable group average.
- The data presented are averages, not standards. You may wish to exceed the average income levels and achieve lower expense ratios.

Comparisons to Prior Periods or Budgets

While comparison to industry-wide, competitive set, or comparable property statistics has some use for general benchmarking of a property, an internal analysis of a hotel's operation from period to period or against planned goals (as expressed in the budget) is an invaluable practice. This discipline can provide insight to answer such questions as:

- How have revenues and expenses changed from period to period?
- What has been the correlation between movements in revenues, expenses, and rooms occupied?
- Which departments are ahead or behind budget?
- Which departments are operating efficiently or inefficiently?
- Was the budget realistic?

Methods of Analysis—Fixed vs. Variable

There are various ways to analyze ratios and compare statistics. The proper method used is often dictated by the fixed or variable nature of the revenue or expense item.

Fixed

In general, fixed revenues and expenses are those that are set by contractual agreement or established by third parties for periods of time, typically one year. The volume of business has little effect on the amount paid for these expense items or the revenues received. Examples of fixed expenses are property/liability insurance, property taxes, base annual salaries, and dues and subscriptions. Examples of fixed revenue could be rental payments from a restaurant or retail operation leasing space from the property.

Variable

Variable revenues and expenses are those that are driven by the volume of business at the hotel. In the lodging industry, volume of business is predominately measured by the number of rooms occupied, as well as number of food and beverage covers served. Variable expenses closely tied to the number of rooms occupied would include housekeeping costs, complimentary breakfast expense, laundry,

and guest supplies. Rooms and telephone revenue are two examples of revenues that vary with the number of rooms occupied.

Some expenses vary directly with changes in revenue. Franchise fees, management fees, and credit card commissions are examples of expenses that frequently vary with changes in revenue.

Semi-Variable

There are some revenue and expense items that have both fixed and variable components to them. For instance, rooms departmental labor costs typically have a fixed component (management salaries), as well as a variable component (room attendant wages).

Methods of Calculation and Comparison

The most common calculations made to analyze lodging data are as follows:

- Per occupied room
- Per available room
- Percent of revenue
- Total dollars

Since the volume of rooms occupied most frequently drives *variable* revenues and expenses, these line items are most frequently analyzed on a per-occupied-room basis. On the other hand, *fixed* expenses are typically examined on a per-available-room or total dollar basis. Analysis of both fixed and variable expenses as a percent of revenue can be valuable. Each method will provide the analyst with a different perspective. Often, multiple methods are necessary to gain a comprehensive picture of a property's performance.

When making industry-wide, competitive property, or comparable property comparisons, total dollar comparisons should not be used. Instead, measurements need to be scaled to account for differences in room counts. Therefore, fixed revenue and expense comparisons among properties are frequently made on a dollar-per-available-room basis. Measurements calculated on a dollar-per-occupied-room or percent-of-revenue basis are already proportioned for comparable comparative analysis.

Liquidity Ratios

Liquidity ratios measure an operation's ability to meet its current, short-term obligations. Owners and stockholders often prefer relatively low current ratios because investments in many current assets may be less productive than investments in non-current assets. Creditors, on the other hand, normally prefer relatively high current ratios because this gives them assurance that the lodging property will be able to meet its short-term obligations. Management must try to satisfy both owners and creditors while maintaining adequate working capital and sufficient liquidity to ensure the smooth operation of the property.

Current Ratio

The most common liquidity ratio is the current ratio, which is the ratio of total current assets to total current liabilities:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

This ratio reveals the amount of current assets for every dollar of current liabilities.

Acid-Test Ratio

The acid-test ratio measures a property's liquidity by considering only "quick assets"—current assets minus inventories and prepaid expenses:

$$\text{Acid-Test Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

This ratio reveals the amount of quick assets for every dollar of current liabilities. This is often a more stringent measure of a property's liquidity because it may take several months for many properties to convert their inventories to cash.

Accounts Receivable Turnover

Accounts receivable can be the largest current asset of lodging properties because credit is often extended to guests. Therefore, any examination of a property's liquidity must consider how quickly accounts receivable are converted to cash. This is determined by the accounts receivable turnover ratio, which divides total revenue by the average accounts receivable. A refinement of this ratio uses only charge sales in the numerator; however, quite often charge sales figures are unavailable. Regardless of whether total revenue or charge sales are used as the numerator, the calculation should be consistent from period to period.

To calculate the accounts receivable turnover, it is first necessary to determine the average accounts receivable. This is accomplished by adding accounts receivable at the beginning and end of the period and then dividing that figure by two. The average accounts receivable figure is then divided into the total revenue for the period:

$$\text{Accounts Receivable Turnover} = \frac{\text{Total Revenue}}{\text{Average Accounts Receivable}}$$

Average Collection Period

This ratio reveals the number of days required to collect the average accounts receivable. The average collection period is calculated by dividing the number of days in the year by the accounts receivable turnover:

$$\text{Average Collection Period} = \frac{\text{Days in Year}}{\text{Accounts Receivable Turnover}}$$

Solvency Ratios

Solvency ratios measure the degree of debt financing used by the lodging property. These ratios reflect the ability of the property to meet its long-term obligations. Owners view solvency ratios as a measure of their leverage, and often prefer relatively low solvency ratios because their leverage increases as debt is used in place of equity dollars to increase the return on equity dollars already invested. Creditors, on the other hand, prefer relatively high solvency ratios because they reveal an equity cushion available to absorb any operating losses. Management is again caught in the middle, trying to satisfy owners by financing assets so as to maximize return on investments and trying to satisfy creditors by not unduly jeopardizing the property's ability to meet its long-term obligations.

Solvency Ratio

A lodging operation is solvent when its assets are greater than its liabilities. The solvency ratio compares total assets to total liabilities:

$$\text{Solvency Ratio} = \frac{\text{Total Assets}}{\text{Total Liabilities}}$$

This ratio reveals the amount of assets for every dollar of liabilities.

Debt-Equity Ratio

One of the most common solvency ratios is the debt-equity ratio, which compares the total debt of the operation to the total investment in the operation by the owners:

$$\text{Debt-Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Owners' Equity}}$$

This ratio reveals the amount owed to creditors for every dollar of owners' equity.

Debt Service Coverage Ratio

This ratio measures the extent to which a hotel generates sufficient Adjusted Net Operating Income to cover its debt obligations (interest and/or principal payments):

$$\text{Debt Service Coverage Ratio} = \frac{\text{Adjusted Net Operating Income}}{\text{Debt Service (i.e., Interest Expense + Principal Expense)}}$$

Activity Ratios

It is management's responsibility to generate earnings for owners while providing products and services to guests. Activity ratios measure the effectiveness with which management uses the resources of the property.

Inventory Turnover

This ratio measures the number of times inventory turns over during the period. Generally, the greater the number of times the better, because inventories can be

expensive to maintain. Inventory turnovers are usually calculated separately for food items and beverage items. To calculate inventory turnover, it is first necessary to determine the average inventory. This is accomplished by adding inventory at the beginning and end of the period and then dividing that figure by two. An example of an inventory turnover ratio is the food inventory turnover ratio, calculated as follows:

$$\text{Food Inventory Turnover} = \frac{\text{Cost of Food Sales}}{\text{Average Food Inventory}}$$

Profitability Ratios

Profitability ratios allow management and owners to compare their profit performance to other competitive and/or comparable properties, to themselves over time, or to budget. Profitability ratios reflect the overall effectiveness of management in producing the bottom line figure expected by owners and creditors. Owners invest in lodging properties in order to increase their wealth through dividends and through increases in the value of the property. Dividends and values are highly dependent upon the present and future profits generated by the operation. Since future profits may be required to repay lenders, creditors normally perceive less risk to be involved in dealings with the more profitable businesses in their communities.

Caution should be used when using profitability ratios for comparison across competitive sets or comparable property groups. Several factors influence the relative profitability of one type of hotel (e.g., convention vs. limited service) or individual hotel compared to another or within its competitive set or comparable group.

Gross Operating Profit per Available Room (GOPAR)

GOPAR measures management's ability to produce profits by generating sales and controlling the operating expenses over which they have the most direct control. GOPAR is calculated by dividing gross operating profit by the rooms available in the hotel:

$$\text{GOPAR} = \frac{\text{Gross Operating Profit}}{\text{Rooms Available}}$$

GOPAR is somewhat useful in relating gross operating profits, on a proportional basis, across properties within a competitive set or comparable property groups. Because GOPAR is calculated before any deduction for management fees, this ratio can be used to compare comparable properties that are operated by a third-party management company with owner-operated properties.

Gross Operating Profit Margin Ratio

This ratio is another measure of management's overall ability to produce profits by generating sales and controlling the operating expenses over which they have the most direct control. It is calculated by dividing gross operating profit by total revenue:

$$\text{Gross Operating Profit Margin Ratio} = \frac{\text{Gross Operating Profit}}{\text{Total Revenue}}$$

Because gross operating profit is calculated before any deduction for management fees, this ratio can be used to compare comparable properties that are operated by a third-party management company with owner-operated properties. Care should be taken in comparing only gross operating profit margins among comparable properties as the revenue mix achieved can significantly influence these margins.

Income Before Fixed Charges per Available Room

This ratio measures management's ability to produce profits by generating sales and controlling all departmental costs, undistributed expenses, and management fees. It is calculated by dividing income before fixed charges by the rooms available in the hotel:

$$\text{Income Before Fixed Charges per Available Room} = \frac{\text{Income Before Income Charges}}{\text{Rooms Available}}$$

Income Before Fixed Charges Margin Ratio

This ratio measures management's overall ability to produce profits by generating sales and controlling all departmental costs, undistributed expenses, and management fees. It is calculated by dividing income before fixed charges by total revenue:

$$\text{Income Before Fixed Charges Margin Ratio} = \frac{\text{Income Before Fixed Charges}}{\text{Total Revenue}}$$

Net Operating Income per Available Room

This ratio measures management's ability to produce profits by generating sales and controlling all departmental costs, undistributed expenses, management fees, property taxes, insurance, and rent. Care should be taken in comparing only net operating income among comparable properties, since not all hotels have ground, building, or major equipment leases. This ratio is calculated by dividing net operating income (before capital reserves) by the rooms available in the hotel:

$$\text{Net Operating Income per Available Room} = \frac{\text{Net Operating Income}}{\text{Rooms Available}}$$

Net Operating Income Margin Ratio

This ratio measures management's overall ability to produce profits by generating sales and controlling all departmental costs, undistributed expenses, management fees, property taxes, insurance, and rent. Care should be taken in comparing only net operating income margins among comparable properties, since not all hotels have ground, building, or major equipment leases. This ratio is calculated by dividing net operating income (before capital reserves) by total revenue:

$$\text{Net Operating Income Margin Ratio} = \frac{\text{Net Operating Income}}{\text{Total Revenue}}$$

Cash on Cash Return

This calculation is one method of estimating return on investment. Cash on cash return is determined by dividing the adjusted net operating income, less debt-service, by the average owners' equity for a period of time. Average owners' equity is calculated by totaling owners' equity at the beginning and end of the period and then dividing that figure by two. Cash on cash return is calculated as follows:

$$\text{Cash on Cash Return} = \frac{\text{Adjusted Net Operating Income} - \text{Debt Service}}{\text{Average Owners' Equity}}$$

Note that owners, lenders, and analysts on specific investments frequently use other ratios and calculations, such as Internal Rate of Return (IRR).

Operating Ratios

Operating ratios assist owners and management in analyzing the operations of a lodging property. These ratios relate expenses to revenue and are useful for control purposes when the ratio results are compared to budgeted or planned ratio goals, as well as other properties and industry averages. Significant variations between actual ratio results and budgeted results, planned goals, or other properties and industry averages may indicate the need for further analysis and corrective action.

Caution should be used when using operating ratios for comparison across competitive sets or comparable property groups. Several factors influence the relative market position of one property compared to another.

Note for mixed-ownership hotels: For lodging properties that include units owned by third parties, it is appropriate to develop a supplemental schedule of ratios and statistics that includes the performance of these units. The performance measurements that would be affected are identified in the Definitions section of Part III by two asterisks (**).

Average Room Rate—Overall

Although room rates may vary seasonally, by market segment, or by room type within a property, most lodging properties calculate an overall average room rate, also called the average daily rate (ADR). The overall average room rate reveals the average rate charged per occupied room and is calculated by dividing total rooms revenue for a period by the number of rooms occupied during that period. Rooms occupied includes rooms occupied on a paid basis, as well as rooms occupied without charge in connection with a promotion or contract. Complimentary rooms are not included in the denominator of the ADR calculation. The overall average room rate is calculated as follows:

$$\text{Average Room Rate—Overall} = \frac{\text{Total Rooms Revenue}}{\text{Rooms Occupied}}$$

Average Room Rate—Revenue Segment

For analytical purposes, many lodging properties calculate an average room rate (ADR) for each revenue segment (transient, group, contract). The average room

rate for a revenue segment reveals the average rate charged per occupied room and is calculated by dividing rooms revenue for a specific revenue segment for a period by the number of rooms occupied by guests in that revenue segment during that period. Rooms occupied by revenue segment includes rooms occupied on a paid basis, as well as rooms occupied without charge in connection with a promotion or contract. Complimentary rooms are not included in the denominator of the ADR per revenue segment calculation. The average room rate for a revenue segment is calculated as follows:

$$\text{Average Room Rate per Revenue Segment} = \frac{\text{Gross Rooms Revenue for Revenue Segment}}{\text{Rooms Occupied for that Revenue Segment}}$$

Rooms Revenue per Available Room (RevPAR)

Rooms revenue per available room (RevPAR) measures the rooms revenue yield a property achieves relative to the rooms available in the property for a period. RevPAR includes the influence of two factors—occupancy and overall average room rate. RevPAR can be used as a way to compare rooms revenue results with prior period results or to compare actual to budgeted results. In addition, since the rooms revenue is scaled by the number of rooms at the property, it can be used as one comparison of the rooms revenue yield of a property to its competitors or comparable properties. RevPAR is calculated as follows:

$$\text{RevPAR} = \frac{\text{Total Rooms Revenue}}{\text{Rooms Available}}$$

Total Revenue Per Available Room (Total RevPAR)

Total revenue per available room (Total RevPAR) measures the total revenue yield a property achieves relative to the rooms available in the property for a period. Total RevPAR can be used as one measure of total revenue change from prior period results or to compare actual to budgeted results. Since the total revenue is scaled by the number of rooms at the property, it can be used as one comparison of the revenue yield of a property to its competitors or comparable properties. For properties with significant revenue sources other than rooms revenue, this may be a better indicator of revenue yield or growth, as opposed to RevPAR. Total RevPAR is calculated as follows:

$$\text{Total RevPAR} = \frac{\text{Total Revenue}}{\text{Rooms Available}}$$

Average Food Check

This operating ratio reveals the amount of the average food check per cover and is calculated by dividing food revenue by the number of covers:

$$\text{Average Food Check} = \frac{\text{Total Food Revenue}}{\text{Number of Covers}}$$

Covers refers to the number of guests served in the food operation during the period. This analysis is typically carried out for each meal period and each outlet.

Food Cost Percentage

This operating ratio compares the cost of food sales to food revenue. It is frequently used in determining whether food costs are reasonable. Food cost percentage is calculated by dividing the cost of food sales by food revenue:

$$\text{Food Cost Percentage} = \frac{\text{Cost of Food Sales}}{\text{Food Revenue}}$$

Beverage Cost Percentage

This operating ratio compares the cost of beverage sales to beverage revenue. It is frequently used in determining whether beverage costs are reasonable. Beverage cost percentage is calculated by dividing the cost of beverage sales by beverage revenue:

$$\text{Beverage Cost Percentage} = \frac{\text{Cost of Beverage Sales}}{\text{Beverage Revenue}}$$

Labor Cost Percentage

Total labor expense includes the total payroll and related expenses for all departments and operational areas of the property. A total hotel labor cost percentage is calculated by dividing total labor expenses by total revenue. For control purposes, labor cost percentages also should be calculated and analyzed for each department and operational area of the property. The labor cost percentage is calculated as follows:

$$\text{Labor Cost Percentage} = \frac{\text{Total [or Department] Payroll and Related Expenses}}{\text{Total [or Department] Revenue}}$$

Labor Cost per Available or Occupied Room

An alternative method to measure labor costs is on a dollar per available room basis (PAR) or dollar per occupied room basis (POR). For those departments whose labor requirements are significantly influenced by the number of rooms occupied (e.g., rooms, telecommunications), labor cost per occupied room is one measure of labor efficiency. For departments whose labor requirements are not significantly influenced by the number of rooms occupied (e.g., undistributed), labor cost per available room is one measure of labor efficiency. The labor cost percentage is calculated as follows:

$$\text{Labor Cost per Available (or Occupied) Room} = \frac{\text{Total [or Department] Payroll and Related Expenses}}{\text{Rooms Available (or Total Rooms Occupied)}}$$

Room Statistics and Occupancy Ratios

Lodging properties usually supplement the rooms operation information reported on the Statement of Income with occupancy ratio results. Occupancy ratios measure the success of the rooms operation in selling the primary product

of the property. In order to calculate basic occupancy ratios, various rooms statistics must be kept during the period.

The following is a list with definitions of several common rooms statistics and occupancy ratios. Please note that the term "room nights" can be substituted for the word "rooms" in the following measurements and ratio definitions.

(1) Total Room Inventory
Rooms Not Available for Rent:
(2) Seasonally Closed Rooms
(3) Extended Closed Rooms
(4) Rooms for Permanent House Use
(5) Total Rooms Not Available for Rent
(6) Rooms Available
Number of Rooms Occupied:*
(7) Transient
(8) Group
(9) Contract
(10) Complimentary
(11) Rooms Occupied
(12) Total Rooms Occupied
(13) Occupancy %
(14) Vacant Rooms
Percent of Occupancy:
(15) Transient %
(16) Group %
(17) Contract %
(18) Complimentary %
Number of Guests:
(19) Transient
(20) Group
(21) Contract
(22) Complimentary
(23) Total Guests
(24) Number of Guests per Occupied Room
(25) Number of Rooms with Multiple Guests
(26) Multiple Occupancy %
(27) Arrivals
(28) Average Length of Stay

*See *Rooms—Schedule 1* for definitions of types of guests by revenue category.

DEFINITIONS:

(1) **Total Room Inventory**
Total number of guestrooms (keys) in a property whether available for sale or not. Included are (5) Rooms Not Available for Rent, (12) Total Rooms Occupied, and (14) Vacant Rooms.

(2) **Seasonally Closed Rooms**
When all operations of a hotel are closed for a minimum of 30 consecutive days due to seasonal demand patterns, then the rooms for this period should be removed from the annual salable inventory. The hotel must be consistently closed year-to-year.

(3) **Extended Closed Rooms**
Those rooms removed from salable inventory for a period of six consecutive months or more on a non-discretionary basis. Examples include rooms that are damaged due to a hurricane, earthquake, or fire, where there is intent to return the rooms to salable inventory.

(4) **Rooms for Permanent House Use**
Those rooms removed from salable inventory for a minimum of six consecutive months for use by a hotel employee (e.g., manager's apartment).

(5) **Total Rooms Not Available for Rent**
Total of rooms that are (2) Seasonally Closed, (3) Extended Closed, or used for (4) Permanent House Use.

(6) **Rooms Available****
Total Room Inventory (1) less (5) Total Rooms Not Available for Rent.

(7) **Transient Rooms Occupied**
Total rooms occupied by guests on an individual basis. Included are rooms occupied on a paid basis, as well as rooms occupied on a gratis basis in connection with a promotion or contract.

(8) **Group Rooms Occupied**
Total rooms occupied by guests as part of a group (10 rooms or more). Included are rooms occupied on a paid basis, as well as rooms occupied on a gratis basis in connection with a promotion or contract.

(9) **Contract Rooms Occupied**
Total rooms occupied by guests as part of a special contract, generally of a longer-term nature (i.e., multiple weeks or months). Included are rooms occupied on a paid basis, as well as rooms occupied on a gratis basis in connection with a promotion or contract.

(10) **Complimentary Rooms Occupied**
Free rooms provided to any guest, often for marketing purposes, but not related to an existing contractual relationship. Examples of complimentary rooms include rooms provided on a gratis basis to owners, employees, people on familiarization tours, friends, and family. Also included are rooms used by the hotel on a short-term basis (e.g., employee relocation, manager-on-duty, etc.).

Not classified as complimentary rooms are rooms provided due to a trade-out arrangement, rooms provided in connection with a promotion (e.g., stay two nights, get one free), or rooms provided as part of a group contract (e.g., book 50 rooms, get one free). These rooms should be classified as one of the revenue categories (transient, group, or contract).

(11) **Rooms Occupied****
Total rooms occupied by (7) Transient, (8) Group, and (9) Contract guests.

(12) **Total Rooms Occupied****
Total rooms occupied by (7) Transient, (8) Group, (9) Contract, and (10) Complimentary guests.

(14) **Vacant Rooms**
Total Rooms Available (6) less (12) Total Rooms Occupied. Vacant rooms can be classified into the following sub-categories:

Rooms Unoccupied: Those rooms available for sale, but not occupied by a paying or complimentary guest.

Rooms Out-of-Order: Those rooms removed from salable inventory for a period of less than six consecutive months due to renovation or a temporary fault or problem rendering them inadequate for occupancy.

Temporary Closed Rooms: Those rooms removed from salable inventory on a discretionary basis for a period of less than six consecutive months.

(19) **Number of Guests—Transient**
Total guests traveling as individuals.

(20) **Number of Guests—Group**
Total guests traveling as part of a group.

(21) **Number of Guests—Contract**
Total guests who occupy their room through a special contract.

(22) **Number of Guests—Complimentary**
Total persons staying on a complimentary basis as described in #10 above.

(23) **Total Guests**
Total (19) Transient, (20) Group, (21) Contract, and (22) Complimentary guests.

(25) **Number of Rooms with Multiple Guests**
Number of rooms occupied by more than one paying or gratis guest.

(27) **Arrivals**
Number of room check-ins, both paying and complimentary.

FORMULAS

(13) Occupancy Percentage $= \frac{(11)\ \text{Rooms Occupied}}{(6)\ \text{Rooms Available}} \times 100$

(15) Percentage Occupancy Transient $= \frac{(7)\ \text{Transient Rooms Occupied}}{(6)\ \text{Rooms Available}} \times 100$

(16) Percentage Occupancy Group $= \frac{(8)\ \text{Group Rooms Occupied}}{(6)\ \text{Rooms Available}} \times 100$

(17) Percentage Occupancy Contract $= \frac{(9)\ \text{Contract Rooms Occupied}}{(6)\ \text{Rooms Available}} \times 100$

(18) Percentage Occupancy Complimentary $= \frac{(10)\ \text{Complimentary Rooms Occupied}}{(6)\ \text{Rooms Available}} \times 100$

$$(24)\ \text{Number of Guests per Occupied Room} = \frac{(23)\ \text{Total Guests}}{(12)\ \text{Total Rooms Occupied}}$$

$$(26)\ \text{Multiple Occupancy} = \frac{(25)\ \text{Rooms with Multiple Guests}}{(12)\ \text{Total Rooms Occupied}} \times 100$$

$$(28)\ \text{Average Length of Stay} = \frac{(12)\ \text{Total Rooms Occupied}}{(27)\ \text{Arrivals}}$$

****Note for lodging properties with mixed-ownership units:** When a lodging property includes rooms owned by parties other than the owner of the hotel, it is appropriate to develop a supplemental schedule of ratios and statistics that includes the performance of such elements. The ratios and statistics in this schedule can be used when providing data to independent industry reporting agencies in order to reflect the performance of the entire property.

The measurements that are affected include Rooms Available, Rooms Occupied, and Room Revenue. These measurements are used to calculate occupancy, average room rate, and RevPAR. When preparing the ratios and statistics in the supplemental schedule, please note the following guidance:

- *Rooms Available:* third-party-owned units under the control of hotel management for the purpose of renting to guests other than the unit owners should be added to the Rooms Available of the hotel.
- *Rooms Occupied*: third-party-owned units that are rented to guests other than the unit owners should be added to the Rooms Occupied of the hotel.
- *Room Revenue:* revenue earned for the rental of third-party-owned units to guests other than the unit owners should be added to Room Revenue as defined in the discussion of Schedule 1.

Food and Beverage Statistics

The following indicates the kind of food and beverage statistical information that the financial reports of hotels should contain:

Restaurant Facilities

Number of Seats
Meal Period Statistics

Meal Period	Covers	Average Check
Breakfast		
Lunch		
Dinner		
Total		

Beverage revenue % of food revenue
Combined food and beverage revenue per seat

Lounge Facilities

Number of Seats
Revenue per Seat

Room Service

Total Revenue per Occupied Room

Banquet

Total Square Feet
Banquet Revenue per Square Foot
Covers and Average Check Statistics

Inventory Turns and Number of Days of Inventory on Hand

These inventory statistics are calculated as follows for both food and beverage inventories:

Inventory Turns

Monthly Cost of Food and/or Beverage Sales divided by Average Inventory
Opening Inventory plus Closing Inventory divided by two.

Number of Days of Inventory on Hand

Number of days in the month divided by the inventory turns equals the average number of days it takes to turn the inventory over.