A look at how lodging organizations have taken to the changes from the 10th to 11th Revised Edition
In April 2015, the Financial Management Committee of the American Hotel & Lodging Association (AH&LA) in conjunction with the Hospitality Financial and Technology Professionals (HFTP) Americas Research Center developed a survey on the changes between the 10th and 11th editions of the Uniform System of Accounts for the Lodging Industry (USALI). The survey focused on four major areas:

- Do the changes provide better detail and alignment with the industry?
- What was the difficulty of implementing the necessary changes from an operations or accounting perspective?
- What was the difficulty of implementing the necessary changes from an information technology or programming perspective?
- The USALI 11th edition was effective for reporting as of January 2015. Were your property/properties ready to report any required changes in January 2015?

By measuring opinions of the changes and the implementation process, it will assist those working on future editions of the USALI. What follows is a report on the findings of this survey.

The following sections provide details on each of the changes included in the 2015 USALI survey. The changes covered in the survey included the major changes from the USALI 10th to 11th edition.

- Respondent Demographics ........................................3
- Room Segmentation .................................................4
- Package Allocation and Package Breakage .........6
- Resort Fees ..................................................................8
- Mixed Ownership Rental Units .........................10
- Room Rebates and Subsidies .................................12
- F&B Customer Statistics ..........................................14
- Information & Technology Systems .....................16
- Revenue Management and Catering Sales Labor ..................18
- Non-Operating Income and Expense ..................20
- Labor Detail ...............................................................22
- Surcharges and Service Charges .........................24
- Gross vs. Net ............................................................26
- Foreign Exchange .....................................................28
- Financial Ratios ........................................................30

ABOUT THE AUTHOR
Tanya Venegas, MBA, MHM (tanya.venegas@hftp.org) is executive director and HFTP Fellow at the HFTP Americas Research Center. She is a regular contributor to The Bottomline and speaker at HFTP educational events.
Respondent Profile

The survey was distributed to HFTP members and individuals who had purchased the USALI 11th edition from the American Hotel & Lodging Educational Institute (AHLEI). Overall, there were 169 responses to the online survey with 84.6 percent of those indicating that they had purchased a copy of the current edition of the USALI.

For analysis purposes, individuals responding to the survey were asked to provide information on their property location, job role, and company profile. The majority of responses came from those with properties inside the United States (71.6 percent) followed by those from properties outside the United States (22.5 percent). Pertaining to job role, half of all responses were from hotel controllers or directors of finance (50.9 percent). The final demographic question asked of respondents pertained to company profiles. There was a mixture of responses from various segments of the lodging industry including: management companies (23.1 percent), managed hotels (17.8 percent), chain hotels (14.2 percent), independent hotels and resorts (12.4 percent), and franchised hotels (11.8 percent).

What position best reflects your job role?

- Hotel Controller / Dir. of Finance, 51%
- Hotel Regional Controller / Dir. of Finance, 11%
- Corporate VP / SVP Finance, 10%
- Hotel Accounting Manager, 10%
- Industry Consultant, 8%
- Other, 10%

What is the location for the property on which you are reporting?

- In the U.S., 71.6%
- Outside of the U.S., 22.5%
- Both in and out of the U.S., 5%
- I am not commenting on any specific business unit, 1%

What best represents the company upon which your are reporting?

- Management Co. (multi property), 23%
- Managed Hotel, 18%
- Chain Hotel, 14%
- Independent Hotel / Resort, 12%
- Franchised Hotel, 12%
- Other (Consulting, Academic etc.), 14%
- Hotel Chain (multi property), 7%
- Other, 10%
Room Segmentation
Room segmentation detail was increased and is now aligned with industry practice.

Room segmentation changes provide better detail and alignment with the industry.

How would you rate the difficulty for your property to implement room segmentation changes from an Operations or Accounting perspective?
Room Segmentation (continued)
Room segmentation detail was increased and is now aligned with industry practice.

How would you rate the difficulty for your property to implement room segmentation changes from an IT perspective?

![Difficulty Rating Chart]

Was your property ready to report room segmentation changes by the USALI 11th effective date of January 2015?

![Report Readiness Chart]
Package Allocation and Package Breakage

Expanded guidance was provided on package allocation; and for the first time, package breakage is recognized in the *USALI*.

Package allocation and breakage guidance changes provide better detail and alignment with the industry.

How would you rate the difficulty for your property to implement package allocation and breakage changes from an operations or accounting perspective?
Package Allocation and Package Breakage (continued)

Expanded guidance was provided on package allocation; and for the first time, package breakage is recognized in the USALI.

How would you rate the difficulty for your property to implement package allocation and breakage changes from an IT perspective?

Was your property ready to report room segmentation changes by the USALI 11th effective date of January 2015?
Resort Fees
Resort Fees must now be credited to Miscellaneous Income – Schedule 4 instead of the discretionary decision to allocate into Other Rooms Revenue or Other Departments Income. Therefore, Resort Fees are now excluded from ADR and RevPAR.

Excluding resort fees from ADR/RevPAR provides improvement in reporting standardization.

How would you rate the difficulty for your property to implement resort fees in Miscellaneous Income from an operations or accounting perspective?

![Difficulty Rating Chart]

- Strongly Agree: 38.9%
- Agree: 32.9%
- Neutral: 23.4%
- Disagree: 3.0%
- Strongly Disagree: 1.8%
Resort Fees (continued)
Resort Fees must now be credited to Miscellaneous Income – Schedule 4 instead of the discretionary decision to allocate into Other Rooms Revenue or Other Departments Income. Therefore, Resort Fees are now excluded from ADR and RevPAR.

How would you rate the difficulty for your property to implement resort fees in Miscellaneous Income from an IT perspective?

Was your property ready to report resort fees in Miscellaneous Income by the USALI 11th effective date of January 2015?
Mixed Ownership Rental Units

Mixed ownership lodging facilities was further clarified. If the third-party owned units are in the rental pool for the full year and the hotel determines by analysis that the revenue should be reported Gross, then the units are considered part of the hotel’s available room inventory.

Clarification on the treatment of rental units is an improvement in reporting standardization.

How would you rate the difficulty for your property to implement expanded treatment of mixed ownership rental units from an operations or accounting perspective?
Mixed Ownership Rental Units (continued)

Mixed ownership lodging facilities was further clarified. If the third-party owned units are in the rental pool for the full year and the hotel determines by analysis that the revenue should be reported Gross, then the units are considered part of the hotel’s available room inventory.

How would you rate the difficulty for your property to implement expanded treatment of mixed ownership rental units from an IT perspective?

Was your property ready to report utilizing the expanded treatment for mixed ownership rental units by the USALI 11th effective date of January 2015?
**Room Rebates and Subsidies**

Clarification was provided in the 11th edition that rooms rebates or subsidies granted directly to a group should be recorded as a contra revenue (a reduction to room revenue / ADR), not as an expense.

The clarification of the treatment of rebates and subsidies is an improvement in reporting standardization.

How would you rate the difficulty for your property to implement group room rebates and subsidies as contra revenue from an operations or accounting perspective?
Room Rebates and Subsidies (continued)
Clarification was provided in the 11th edition that rooms rebates or subsidies granted directly to a group should be recorded as a contra revenue (a reduction to room revenue / ADR), not as an expense.

How would you rate the difficulty for your property to implement group room rebates and subsidies as contra revenue from an IT perspective?

Was your property ready to report group room rebates and subsidies as contra revenue by the USALI 11th effective date of January 2015?
F&B Customer Statistics

In Food & Beverage, the term “cover” was replaced with the term and definition “customer” to reflect the general practice in the restaurant industry.

The change to Customer is a fair reflection of business trends for this F&B revenue source.

How would you rate the difficulty for your property to implement F&B customer statistics from an operations or accounting perspective?
F&B Customer Statistics (continued)
In Food & Beverage, the term “cover” was replaced with the term and definition “customer” to reflect the general practice in the restaurant industry.

How would you rate the difficulty for your property to implement F&B customer statistics from an IT perspective?

![Difficulty Rating Chart]

Was your property ready to report F&B Customer Statistics by the USALI 11th effective date of January 2015?

![Readiness Status Chart]
Information Technology now has a department (Information and Telecommunications Systems) in the undistributed expenses section to reflect the growth and importance of technology in the industry.

**Introduction of the Information and Telecommunications Systems department represents an improvement and more transparency in the reporting of hotel operating expenses.**

How would you rate the difficulty for your property to implement the new Information & Telecommunications Systems department from an operations or accounting perspective?

- **Easy**: 25.9%
- **Moderately Easy**: 16.9%
- **Not Difficult or Easy**: 21.7%
- **Difficult**: 21.1%
- **Very Difficult**: 3.6%
- **Not Applicable**: 10.8%
Information & Technology Systems (continued)

Information Technology now has a department (Information and Telecommunications Systems) in the undistributed expenses section to reflect the growth and importance of technology in the industry.

How would you rate the difficulty for your property to implement the new Information & Telecommunications Systems department from an IT perspective?

![Difficulty Scale]

Was your property ready to report using the new Information & Telecommunication Systems department by the USALI 11th effective date of January 2015?

![Readiness Scale]
Revenue Management and Catering Sales Labor
Revenue Management and Catering Sales functions were determined to be Sales & Marketing related activities; and, therefore, labor for these positions is charged to the Sales & Marketing department.

Labor for revenue management and catering sales charged to Sales & Marketing represents an improvement in the reporting of hotel operating expenses.

How would you rate the difficulty for your property to implement revenue management and catering sales labor in Sales & Marketing from an operations or accounting perspective?

- Easy: 36.3%
- Moderately Easy: 19.6%
- Not Difficult or Easy: 23.2%
- Difficult: 8.9%
- Very Difficult: 3.0%
- Not Applicable: 8.9%
Revenue Management and Catering Sales Labor (continued)

Revenue Management and Catering Sales functions were determined to be Sales & Marketing related activities; and, therefore, labor for these positions is charged to the Sales & Marketing department.

How would you rate the difficulty for your property to implement revenue management and catering sales labor in Sales & Marketing from an IT perspective?

Was your property ready to report revenue management and catering sales labor in Sales & Marketing by the USALI 11th effective date of January 2015?
Non-Operating Income and Expense

Non-Operating Income and Expense was created to allow for the reporting of income that is not managed or maintained by the hotel (usually owner-related).

New Guidance on Non-Operating Income and Expense represents an improvement in the reporting of hotel non-operating income and expenses.

How would you rate the difficulty for your property to implement new non-Operating Income & Expense categories from an operations or accounting perspective?
Non-Operating Income and Expense (continued)

Non-Operating Income and Expense was created to allow for the reporting of income that is not managed or maintained by the hotel (usually owner-related).

How would you rate the difficulty for your property to implement new non-Operating Income & Expense categories from an IT perspective?

Was your property ready to report new Non-Operating Income & Expense Categories by the USALI 11th effective date of January 2015?
**Labor Detail**

On the Profit & Loss statement, labor is broken out between Management and Non-management lines by department to provide more detail on this large expense.

---

Labor broken out between management and Non-management lines by department represents an improvement in the transparency and reporting of hotel operating expenses.

---

How would you rate the difficulty for your property to implement changes to Labor Detail on the Income Statement from an operations or accounting perspective?

---

![Difficulty Bar Chart](chart.png)

On the Profit & Loss statement, labor is broken out between Management and Non-management lines by department to provide more detail on this large expense.
Labor Detail (continued)

On the Profit & Loss statement, labor is broken out between Management and Non-Management lines by department to provide more detail on this large expense.

How would you rate the difficulty for your property to implement changes to Labor Detail on the Income Statement from an IT perspective?

Was your property ready to report changes to Labor Detail on the Income Statement by the USALI 11th effective date of January 2015?
**Surcharges and Service Charges**

Additional guidance was provided on the treatment of surcharges and service charges in all operated departments in accordance with GAAP.

New guidance for Surcharges and Service Charges represents an improvement in the standardization, transparency and reporting of hotel operating expenses.

How would you rate the difficulty for your property to implement the change of Surcharges & Service Charges to Revenue from an operations or accounting perspective?
**Surcharges and Service Charges (continued)**

Additional guidance was provided on the treatment of surcharges and service charges in all operated departments in accordance with GAAP.

---

**How would you rate the difficulty for your property to implement the change of Surcharge & Service Charges to Revenue from an IT perspective?**

- **Easy**: 25.2%
- **Moderately Easy**: 18.4%
- **Difficult or Easy**: 28.8%
- **Not Difficult**: 9.2%
- **Very Difficult**: 1.8%
- **Not Applicable**: 16.6%

---

**Was your property ready to report Surcharge & Service Charges as Revenue by the USALI 11th effective date of January 2015?**

- **Yes**: 60.8%
- **Partially**: 12.7%
- **No, But Planning to Change Later**: 12.7%
- **Not Planning to be in Compliance**: 5.4%
- **Not Applicable**: 8.4%
Gross vs. Net
Gross versus Net reporting was given its own section in the 11th edition with more descriptive examples.

New guidance on Gross vs. Net reporting represents an improvement in reporting and will assist hotel operators in making reporting decisions.

How would you rate the difficulty for your property to implement changes in Gross vs. Net revenue reporting from an operations or accounting perspective?
Gross vs. Net (continued)

Gross versus Net reporting was given its own section in the 11th edition with more descriptive examples.

How would you rate the difficulty for your property to implement changes in Gross vs. Net revenue reporting from an IT perspective?

![Difficulty Rating Bar Chart]

- Easy: 20.1%
- Moderately Easy: 16.5%
- Not Difficult or Easy: 37.8%
- Difficult: 6.7%
- Very Difficult: 1.8%
- Not Applicable: 17.1%

Was your property ready to report changes to Gross vs. Net revenue reporting by the USALI 11th effective date of January 2015?

![Readiness Bar Chart]

- Yes: 53.3%
- Partially: 15.8%
- No, But Planning to Change Later: 14.5%
- Not Planning to Be in Compliance: 4.8%
- Not Applicable: 11.5%
Foreign Exchange

Foreign exchange gains and losses now fall into one of three categories: (1) Guest Related – Miscellaneous Income, (2) Accounting Transaction Related – Administrative & General, and (3) Unrealized (balance sheet restatement) – Non-Operating Income & Expense.

Updates on Foreign Exchange Gains and Losses will improve the reporting of hotel revenue and expenses.

How would you rate the difficulty for your property to implement Foreign Exchange Account changes from an operations or accounting perspective?
Foreign Exchange (continued)

Foreign exchange gains and losses now fall into one of three categories: (1) Guest Related - Miscellaneous Income, (2) Accounting Transaction Related - Administrative & General, and (3) Unrealized (balance sheet restatement)- Non-Operating Income & Expense.

How would you rate the difficulty for your property to implement Foreign Exchange Account changes from an IT perspective?

Was your property ready to report Foreign Exchange account changes by the USALI 11th effective date of January 2015?
Financial Ratios
New financial ratios and operating metrics were introduced in the 11th edition.

New financial ratios and operating metrics in the 11th edition will improve our ability to analyze our business performance.