



Auxiliary Services Corporation
Annual Report
Fiscal Year 2004-05

A Winning Team in 2005



Dragon's Den - Winners of the First Customer Service Award

**AUXILIARY SERVICES CORPORATION
FY05 ANNUAL REPORT**

Table of Contents

ASC Board of Directors and Staff Listing	1
ASC Mission Statement	2
Selected Highlights	2
Divisional Reports	
Dining Services	3
College Stores	6
Ancillary Services	7
Raquette Lake	10
Human Resources	10
Administrative Services	12
Miscellaneous Reports	13
FY06 Goals and Objectives	16
Conclusion	16
Statement of Financial Position	17
Statement of Operating Activities	19
Program Expenditures (Schedule C)	20



2004-05 Board of Directors

President	Raymond Franco	Director	Mary Kate Boland
Vice President	Danielle Vegas	Director	Julie Lenhart
Secretary	Joanne Barry	Director	Meg Nowak
Treasurer	William Shaut	Director	Henry Steck
Asst. Treasurer	Scott Jeffers		

2004-05 Management Team

Executive Director	Dana Wavle
Controller	Vacant 6/30/05
Executive Administrative Assistant	Craig Biviano
Human Resources Manager	Michelle Brackin
Director of Dining Services	William McNamara
Director of College Stores	Emily Gray
Assistant Director of College Stores	Edward Lenkiewicz
Book Department Manager	David Brower
Marketing Specialist	Christine Applegate
Maintenance Manager	Michael Tubbs
Unit Manager, Campus Corner	Georgian DeForest
Unit Manager, Commissary	Tom Kiernan
Unit Manager, Corey Union	Dixie Latimer
Unit Manager, Neubig Dining	Steve Hammond
Unit Manager, Old Main & Bookmark	Carole Lathrop
Unit Manager, Poolside, Concessions	Nancy Hartford
Unit Manager, Campus Catering	Judy Haese
Assistant Manager, Campus Catering	Marty Haugh
Assistant Manager, Neubig Dining	Helena Winchester

2004-05 Supervisors

Brenda Scutt	Darleen Schmidt	Leslie Zogg
Brenda Tario	Debra Grant-Maarberg	Mary Beth Coats
Bryan Booth	Donna Johnson	Michelle VanAuken
Bud Diescher, IV	Jaqueline Conger	Nancy Lieber
Cleon Miles	Kathleen Homan	Sean Agate
Dan Kelly	Leatha Mikitiuk	Rosemary Russell

ASC Mission Statement

ASC, a not-for-profit corporation, provides campus dining services, college stores, vending and other essential auxiliary services to the students, faculty, and staff of SUNY Cortland. It is our goal to provide excellent service and exceptional value in a caring and professional manner, and to meet or exceed the needs and expectations of our diverse customer community.

We believe that students come first at SUNY Cortland.

We manage our affairs in accordance with sound, ethical and economic business principles and strive for continuous improvement in all areas of our responsibility. Recognizing that our employees are our greatest resource, we invest in their personal and professional development as well as in the facilities and technologies that will ensure the highest quality of service.

We, the staff, management, and directors of the Board are committed to fulfilling our responsibilities in partnership with the College, to promote the quality of student life, and to support the educational goals and mission of SUNY Cortland.

Selected Highlights

- Sales increased from \$12.4 million in FY04 to \$13.4 million in FY05. ASC ended FY05 with a surplus of \$751,000, compared to a deficit of \$(145,600) in FY04.
- In the Dining Services division, the number of meal plans on file on 12/01/04 and 5/01/05 was 2,656 and 2,426, respectively. The budgeted number of meal plans for fall and spring was 2,540 and 2,340, respectively.
- In the College Stores division, total text and trade book sales increased 4% over the prior year, due to continued success with textbook prepacks, buyback Bonus Bucks, and the textbook price guarantee. Total prepacks were up 21% in FY05.
- Connections debit account deposits increased 24% in FY05. We attribute the increase in deposits to the popular and successful "Get Connected" marketing program. As of May 31, 2005, total deposits were \$1,962,400, compared to \$1,588,500 in the prior year. FY05 deposits reached the \$1 million milestone in August 2004, four months sooner than the prior year.

DIVISIONAL REPORTS

DINING SERVICES

ASC prides itself on providing the highest quality of dining services to the campus community. In FY05, ASC operated eleven dining units: Dragon's Court, Raquette Pizza, Dunkin' Donuts, Crossroads Café, Neubig Dining, The Bookmark, Dragon's Den, The Colloquium, Poolside, Caleion Room, and Campus Catering. The following table summarizes dining unit sales for the twelve months ended 6/30/05, compared to the prior year:

Dining Unit	FY05 Sales	FY04 Sales	% Variance
Neubig Dining	\$1,688,700	\$1,696,000	-.4%
Dragon's Den	736,400	467,400	+57.6%
Dragon's Court/Raq. Pizza	4,317,200	3,364,900	+28.3%
Creamery	-- 0 --	839,100	-100.0%
The Colloquium	107,700	39,700	+171.3%
Campus Catering	554,500	541,900	+2.3%
Caleion Room	60,600	36,400	+66.5%
Crossroads Café	33,400	27,100	+23.3%
The Bookmark	107,100	-- 0 --	n/a
Dunkin' Donuts	712,200	613,300	+16.1%
Poolside	192,300	166,200	+15.7%
Miscellaneous/Concessions	64,700	46,500	+39.1%
TOTAL	\$8,574,800	\$7,838,500	+9.4%

The following table summarizes the number of meal plans on file as of 12/01/04, compared to the prior year:

Fall Meal Plans	FY05	FY04	Variance
Flexplan	650	905	-255
Flexplan Plus	436	224	+212
Declining Balance	1,225	1,173	+52
Declining Balance Plus	309	230	+79
Major League	34	4	+30
Core Plan	2	1	+1
TOTAL	2,656	2,537	+119

The following table summarizes the number of dining plans on file as of 5/01/05, compared to the prior year:

Spring Meal Plans	FY05	FY04	Variance
Flexplan	700	888	-188
Flexplan Plus	271	173	+98
Declining Balance	1,208	1,091	+117
Declining Balance Plus	205	183	+22
Major League	40	6	+34
Core Plan	2	3	-1
TOTAL	2,426	2,344	+82

The Bookmark

ASC's new library café, The Bookmark, officially opened in October 2004; the grand opening ceremony was held on January 31, 2005. The Bookmark represents three things that are important to the SUNY Cortland campus community: responsiveness to changing trends (foodservice in libraries), partnership and collaboration between two organizational entities (Library and ASC), and continuous improvement of student services. The Bookmark's first year of operation exceeded the financial projections that were prepared in April 2003 to approve the development of the concept. We expect continued growth in FY06.

New Meal Plans

During the fall semester, we received student feedback from a variety of sources that indicated growing frustration with the current meal plans. We identified four main areas of frustration and/or concern: (1) the points system, (2) the complexity of our current plans ("meal plans are confusing and stressful"), (3) the inability of our plans to guarantee a full complement of meals for an entire semester, and (4) the retail dining format (students complained about being "nickel and dimed"). The 2004 Porter Study revealed similar issues and recommended new all-you-care-to-eat ("AYCTE") meal plans in response. With all of this in mind, the ASC Operations Committee and ASC management met weekly from the end of January through the end of March to design a new line-up of AYCTE meal plans. In March 2005, the ASC Board of Directors and SGA approved the following new meal plans for FY06:

<u>Residential Plans</u>	<u>Price</u>	<u>AYCTE Weekly Meals</u>	<u>Dragon Dollars</u>	<u>Guest Passes</u>
Platinum	\$1,695	21	100	5
Gold	1,595	19	100	3
Silver	1,575	17	200	3
Bronze	1,525	14	200	3
Copper	1,495	10	300	3

<u>Off-Campus Plans</u>	<u>Price</u>	<u>AYCTE Semester Meals</u>	<u>Dragon Dollars</u>	<u>Guest Passes</u>
Recreational	\$500	25	300	1
Collegiate	750	50	350	2
Olympic	1,000	75	400	3

Bill McNamara deserves special recognition for his excellent leadership with this critical project.

ASC Dining Services Survey

During the fall semester, we conducted the ASC dining services survey, which measures customer satisfaction with 23 service attributes on a scale of 1 (very poor) to 10 (excellent). Our aggregate rating decreased slightly from 8.12 in 2003 to 7.96 in 2004. Overall, the campus community appears to be very satisfied with our current dining services program.

Brockway Hall

We continued to work on the new dining facility in Brockway Hall. In 2003-04, we engaged Porter Consulting to design the facility. We expanded the scope of the firm's services in 2004-05 to include millwork documentation, theming, logo development and signage, décor, merchandising, equipment procurement, and rough-in drawings. The project remains on schedule (from ASC's standpoint) to open in August 2006.

USILA All-American Banquet

In September 2004, ASC sent a professionally-prepared proposal to the United States Intercollegiate Lacrosse Association ("USILA"), seeking to host the prestigious annual All-American banquet at SUNY Cortland. We were notified at the end of 2004 that the proposal was accepted. The event was held on June 10 as a precursor to the USILA North South All-Star game on June 11. The banquet was a brilliant success. The dining services staff served approximately 525 USILA guests in the Function Room, while simultaneously serving over 550 Senior Games participants at Park Center and over 50 guests at the Alumni House. The feedback we received from several sources the following day was overwhelmingly positive. ASC's successful execution of this event should be a strong selling point for similar events in the future.

Bill McNamara, Director of Dining Services, submitted the following list of additional accomplishments and notable activities for FY05:

Operations:

- Completed the temporary closing of the Creamery in Brockway Hall to facilitate the building's renovation.
- Designed new retail dining facility for Brockway with the help of Porter Consulting.
- Reopened Raquette Pizza with updated and expanded menu; implemented Webfood online ordering (resurgence of delivery, extended service until 1:00 A.M.).
- Introduced new menu in Caleion Room, mimicking popular casual dining restaurants; increased utilization of student workers; achieved high levels of customer satisfaction.
- Introduced new menu in The Colloquium, based upon the "New York" style deli; introduced new salad bar; achieved high levels of customer satisfaction.
- Opened The Bookmark in the Memorial Library in October 2004.

New Hires and Assignments:

- Executive Chef Tom Kiernan (competed in NACUFS Culinary Challenge in March 2005)
- Judy Haese, Catering Manager (new assignment for 19-year employee)
- Steve Hammond, Neubig Manager (new assignment for 15-year employee)

Retirements:

- Kathy Scheffler (34 years of service)
- Sy Orfin (38 years of service)

Plan of Service:

- New meal plans approved for 2005-06 based upon "all you care to eat" model

Special Events:

Aversano Wedding (September 2004)
Admissions Open House (April 2005)
Senior Games (June 2005)
SASA Conference (March/April 2005)

Cortaca Jug (November 2004)
All American Lacrosse Banquet (June 2005)
BULL Lacrosse (June 2005)

Community Relations:

- Dairy Parade (June 2005)

Greening:

- Introduced china service for weekend brunch
- Mug refill program

COLLEGE STORES

The following table summarizes major category sales and textbook prepacks for the twelve months ended 6/30/05, compared to the prior year:

Category	FY05	FY04	% Variance
Text & Trade Books	\$2,648,300	\$2,545,800	+4%
Soft Goods / Apparel	600,900	607,800	-1%
Computer & Electronics	386,500	340,900	+13%
Academic Supplies	95,200	107,400	-11%
Gifts & Greeting Cards	146,500	158,200	-7%
C-Store	361,900	319,600	+13%
Other	99,100	109,800	-10%
TOTAL	\$4,338,400	\$4,189,500	+4%
Textbook Prepacks Fall	1,950	1,600	+22%
Textbook Prepacks Spring	883	735	+20%

CBC Study

In January 2005, we engaged Campus Bookstore Consulting (“CBC”) to conduct a comprehensive analysis of the College Store and prepare a written report of its findings. The CBC Study was intended to prepare the store for a future remodel/renovation, as well as identify strategic operational initiatives. The CBC report was submitted to ASC on June 6, 2005. The report included five initiatives: (1) improve the College Store facility, (2) protect textbook market share, (3) increase the used textbook ratio, (4) develop superior customer service standards, and (5) improve internal communication and business planning processes. We will thoroughly review the CBC study and start the process of implementing the recommended initiatives as soon as practicable. Emily Gray deserves special recognition for coordinating and overseeing this strategic project.

Emily Gray, Director of College Stores, submitted the following list of additional accomplishments and notable activities for FY05:

- Contracted with Campus Bookstore Consulting to do a full analysis of College Store operations, which was completed by June 1, 2005.
- Conducted customer surveys regarding renaming Campus Corner and adding sub concept.
- Assisted with preliminary planning of Subway for Campus Corner, working across ASC divisions.
- Moved C-Store to Dining due to shift of focus to prepared food. Assisted with transition.
- Contracted with College Store Design for re-design of College Store and Campus Corner. Phase one of Campus Corner design completed. College Store design scheduled for 2005-06, pending further review of CBC study and development of strategic plan.
- Increased text and trade book sales by 4%, and increased used textbook ratio as a percent of total text sales to 38%, exceeding the industry average by more than 10%.
- Achieved inventory turns in College Store of 5.31, above industry average, continuing trend from last year’s 5.34.

- Decreased controllable supplies & materials expense in the College Store by 33% due to negotiating better pricing on store bags and text reserve boxes and better management of staff use of office supplies.
- Increased C-Store sales by 13% and increased controllable operating profit by 95%. Result of successful development of a comprehensive C-Store plan, including prime vendor relationships, coop ads, rebates, displays, special deals, coupons, contests, product placement.
- Fulfilled 1,950 textbook prepack orders for fall, an increase of 22%, and 883 for spring, an increase of 20%, both record high numbers.
- Increased sales at April Admissions Open House by 8%.
- Produced best Grad Finale event thus far. Attendance increased 19%. Received positive student exit survey ratings of 90% or more on every question. Increased sales by 9%. Staff pulled all of this off without my being present on first and busiest day.
- Changed 12 Days of Christmas promotion to well-received Holidays Around the World. Worked cross-divisionally with Dining to have special international dinner.
- Increased number of and amount of staff participation in FISH activities, including several excellent store displays and promotions, Find a Turkey Sale, What I Am Thankful For Essay Contest, Valentine's Colors of Love sale, student appreciation BBQ, contests, etc.
- Produced professional quality brochure to improve orientation computer sales.
- Designed and sold first ever College Store Cortaca Jug tees. Held contest for free tickets to game and other prizes. Worked with Sports Management Club to develop partnership.
- Successfully implemented delivery of textbook prepacks to West Campus apartments.
- Emily elected President of CSANYS and earned the designation of Certified Collegiate Retailer.

ANCILLARY SERVICES

The Ancillary Services division includes the SUNY Card program, network printing/copying, beverage and snack vending, MicroFridge and safe rentals, student health insurance, and the Taylor Leadership House.

Network Printing/Copying

In FY05, ASC's network printing/copying program generated 979,966 prints/copies, compared to 904,023 in the prior year. The 8.4% increase is attributed to (1) the addition of two Savin 2408 printers/copiers, and (2) the reconfiguration of the overall program, incorporating the two Savin 2408's. Craig Biviano deserves special recognition for negotiating this deal with Ikon.

Laundry Service

ASC, SUNY Cortland, and the SUNY Cortland Alumni Association ("SCAA") reached an agreement in May 2005 to transfer the laundry service from SCAA to ASC. The three-party agreement was signed in July 2005. According to the terms of the agreement, all "rights and interests" in the SUNY Cortland laundry service transferred entirely and permanently from SCAA to ASC on July 1, 2005, with no restrictions or termination dates. In return, ASC paid SCAA \$100,000 in July 2005 and \$300,000 in August 2005. With the new agreement, ASC's share of the revenue will increase from 5% to 13%, and SCAA's share will decrease from 51% to 43%.

The following table is a comprehensive listing of equipment managed by Ancillary Services in 2004-05:

Building Name/Area	Beverage Vendors	Snack, Candy, Food Vendors	Printers & Copiers	MicroFridge, Safe Rentals
Academic/Administrative				
Miller Building	1	1		
Old Main	4	3	5	
Moffett Center	1		2	
Dowd Fine Arts	2	2		
Sperry Center	4	2		
Bowers Hall	1	1	1	
Memorial Library	2	1	9	
Middle Region				
Cornish Hall	4	3		
Van Hoesen Hall	2		1	
Corey Union	1	1	1	
Neubig Hall	1	1		
Residence Halls Upper				
Cheney Hall	2	2		59
DeGroat Hall	1	2		41
Residence Halls Lower				
Alger Hall	2	1		35
Bishop Hall	1	1		46
Casey Tower	2	1		32
Smith Tower	2	2	1	29
Clark Hall	1	1		29
Fitzgerald Hall	2	1		39
Hayes Hall	2	1		36
Hendrick Hall	1	1		60
Higgins Hall	2	1		23
Randall Hall	2	1		44
Shea Hall	1	1		34
Whitaker Hall	1	1		17
Lower Region				
Studio West	2	2	1	
Park Center	5	3	1	
Lusk Field House	1			
Other				
Service Group	1	1		
West Campus Apartments	1	1	1	
McDonald Building	1			
TOTAL MACHINES	56	39	23	524
MicroFridge Rentals FY04				526

Craig Biviano, Manager of Ancillary Services and Executive Administrative Assistant, submitted the following list of additional accomplishments and notable activities for FY05:

- Organized, designed, coordinated, and completed new online vending lounge in Hayes Hall.
- Coordinated and completed new online vending location – Library LNRR.
- Completed first ever residence hall network printing labs – Casey/Smith Towers and West Campus.
- Oversaw and completed new online vending center at West Campus complex.
- Organized and completed new online food vending service at Cheney and DeGroat residence halls.
- Organized and completed network printing upgrade, adding new color printing and copying services at the Library LNRR & Van Hoesen's C-21 lab. Previously only black & white services were available
- Organized and installed several new banners to market color printing service across campus.
- Developed new marketing banner for MicroFridge service in time to role out at spring Admissions Open House.
- Added vending services to Winchell Hall.

Committee Service

- Student Life Center task force
- ASC Systems/Network Administrator search
- ASC Controller search
- ASC liaison to SUNY Cortland Facilities Office – sat on various committees regarding projects (i.e. power shutdowns/campus upgrades, ASC service upgrades for both dining and ancillary services)
- Campus opening/closing debriefing committee

Craig also assisted with and coordinated the completion of several capital projects:

Project Management

- Coordinated ASC Office / Neubig door project.
- Coordinated installation of new POS data lines for Dining Services – Neubig lobby.
- Organized, inventoried, and completed ASC equipment moves from Winchell and Brockway Halls to AB Brown building for storage and subsequent auction.
- Assisted Controller and Director of Dining Services in securing AB Brown rental space.
- Organized and oversaw ASC equipment auction – AB Brown.
- Coordinated and assisted on the completion of the Bookmark Café project – Library.
- Assisted in the design layout of New Brockway food servery with Director of Dining Services and Porter Consulting.
- Sketched out and coordinated with campus Facilities Office new online vending design for Sperry Learning Center rehab project.

RAQUETTE LAKE

Raquette Lake Water Project

In April 2004, Antlers of Raquette Lake, Inc. (Dean Pohl) sent a letter advising all of its water customers that it had "formally petitioned the Public Service Commission for permission to abandon the system and cease service" in October 2004. We responded by sending a letter to the Public Service Commission asking for a one-year delay.

In August 2004, we engaged Barton & Loguidice, P.C. ("B&L"), to prepare a comprehensive water supply source assessment for the Antlers Camp. B&L conducted a site visit in October 2004 and submitted a preliminary report one month later. The B&L report stated "the development of a potable groundwater source to serve the entire facility appears to be plausible" and suggested the existing well may be capable of serving as the permanent source of water supply. The well would be an acceptable water source if it could produce a safe, long-term yield of 4.2 gallons per minute ("gpm") or greater.

On May 9, 2005, Ron Gill Well Drilling conducted a 24-hour pump test. The well met or exceeded 4.5 gpm for 23 of the 24 hours. The rate dipped to 4 gpm during one of the hourly intervals. The water quality was subsequently tested by an independent laboratory. According to B&L, "the water quality results look great," with exception to one treatable organic compound. B&L will now prepare a letter report and site plan for submittal to the NYSDOH. If approved as a primary and permanent source of water supply, we will prepare the well for camp use in 2006.

HUMAN RESOURCES

Health Insurance

Over the last 8 years, ASC's health insurance premiums have increased an average of 27.62% per year. This has taken a toll on ASC's financials, as the employer's share of the premiums has increased from \$459,900 in FY00 to \$905,000 in FY04. In April 2005, ASC management and CSEA officers met regularly to review the current health insurance program and make appropriate changes that would have a positive effect on future premiums. The problem was clearly identified, and both parties moved quickly toward mutual agreement. On June 1, 2005, ASC's health insurance changed from BC/BS's traditional indemnity plan to BluePPO, BC/BS's preferred provider plan. The BluePPO plan will help to control costs and, more importantly, change behaviors that have an adverse effect upon plan utilization.

ASC and CSEA also agreed to replace the associated dental and vision plans with a 100% self-insured program through BC/BS's subsidiary, EBS Benefit Solutions. This change also occurred on June 1, 2005. With the self-insured program, ASC will have total control over premiums and coverages, for the benefit of our family of employees. The health, dental, and vision changes will apply to non-bargaining unit employees as well. We will continue to work on health insurance, and we will explore the possibility of implementing a high-deductible plan with corresponding health savings accounts for new employees hired after a future date.

Michelle Brackin deserves special recognition for her excellent leadership with this critical project.

ASC Family Fund, Inc.

In October 2004, the ASC Board of Directors approved the Family Fund's bylaws and certificate of incorporation. In January 2005, nineteen months after the concept was introduced, the IRS approved the fund's tax exempt status. ASC is now ready to move forward with this exciting and innovative employee benefit. The Family Fund had its first board meeting on 5/5/05, and the program will be fully operational for the 2005-06 school year.

Diversity

When recruiting for executive and management level positions, ASC seeks a diverse pool of applicants by using a variety of local, regional, and national sources that target or serve diverse populations. Recruitment for most non-exempt positions is done on a local level through the limited diverse sources available in Cortland County. Much of the diversity in our staff is achieved by hiring student employees that reflect the diversity in the student population. These diverse student employees contribute ideas and suggestions to our services during their entire employment.

Presently, all new employees are given an introduction to ASC's culture of respect at a mandatory orientation program. In 2004-05, all employees attended a refresher training program, which covered the following areas: respect in the workplace, understanding diversity, harassment and discrimination, organizational expectations, and handling disrespect.

Michelle Brackin, Human Resources Manager, submitted the following list of additional accomplishments and notable activities for FY05:

Safety

- Created a Lock Out/Tag Out and Electrical Safety Policy
- Updated the Blood Borne Pathogen Policy to become compliant with recent OSHA changes
- Updated the Health and Safety Handbook designed for all new employees

Training

- Conducted eight sessions of Respect in the Workplace training for all ASC employees
- Updated the Workplace Safety session of the new employee orientation
- Conducted a training for all Managers and Supervisor on changes to the Union contract
- Conducted two new employee orientations

Recruitment

- Created an online application submission process that allows real time simultaneous access by all hiring managers to all approved applications
- Participated on a search committee for a Systems/Network Administrator and two dining supervisors
- Processed 35 full-time new hired employees

Compensation

- Facilitated the change of three exempt positions to non-exempt positions to comply with recent Fair Labor Standards Act changes.
- Implemented the minimum wage increase for all student employees and the managed the impact on the ASC wage schedule

Administration

- Updated several non-bargaining and bargaining unit handbook policies to comply with the new labor agreement and recent legal changes culminating with the redistribution of an updated handbook
- Completed the development of a non-bargaining unit performance evaluation program in collaboration with the E-team and ASC Personnel Committee
- Assisted the Payroll Specialist with creating a new paid time off database
- Oversaw the publishing of four newsletters including writing several articles
- Lead the Ocean Committee and several ASC wide Fish events including Payroll Lottery, Decorating Contests, Star Wars Week, Mock Elections and Dairy Parade Float
- Handled one "Step 3" grievance

Benefits

- Facilitated the change in the reimbursement rate for Retiree Health Insurance
- Oversaw the update of the Health and Welfare Benefits Wraparound Plan Document
- Explored and sidelined a foreign prescription drug program
- Investigated and began implementation of a Flex Plan Debit Card Program
- Facilitated discussions regarding health, dental and vision insurance options between CSEA, non-bargaining unit employees and insurance carriers. Implemented a switch to a Preferred Provider Organization for ASC employee health insurance program and a conversion of the current dental and vision insurance program to a self-insured program.

ADMINISTRATIVE SERVICES

ASC's annual independent audit was conducted in July 2005 by the CPA firm Ciaschi, Dietershagen, Little, & Mickelson, LLP. Upon completion of the audit, the firm rendered an unqualified opinion of our financial statements for the period ended June 30, 2005. An unqualified opinion is the highest level of assurance that the financial statements are free of material misstatement and are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

During the spring semester, the Finance Committee reviewed 54 program grant applications totaling \$292,200 and allocated \$147,500 to 44 programs and projects. ASC program grants continue to provide crucial funding for programs and projects that enhance the quality of student life at SUNY Cortland.

ASC's Statement of Financial Position, Statement of Activities, and Program Expenditures (Schedule C) are located on pages 17 through 20 of this report.

Parking Lot Project

In February 2004, after twelve months of negotiations and discussions, ASC reached a tentative agreement with the Cortland Rural Cemetery ("CRC") to lease approximately 1 acre of land from the CRC for a surface parking lot. For the next ten months, the CRC stalled the final contract and halted all dealings with ASC, attempting to develop the parking lot in collaboration with the City of Cortland. On December 16, 2004, Ray Franco, Bill Shaut, and Dana Wavle met with Tom Gallagher and Andrew Damiano to discuss the project, express general concerns, and highlight ASC's dealings with the CRC since early 2003. Messrs. Gallagher and Damiano indicated that they would decline involvement with the parking lot project unless or until ASC chose to not proceed. In February 2005, the CRC submitted a counter-offer to ASC's modified proposal from November 2004. In March 2005, the ASC Board of Directors approved a new proposal that would satisfy the CRC's major issues regarding the financial structure of the deal. In May 2005, ASC and the CRC once again reached a tentative agreement, and subsequently executed a contractual Memorandum of Understanding in June 2005. The parking lot project must now receive approval from the city Planning Commission. If approval is obtained, we plan to break ground in spring 2006.

NACAS Conference

In October 2004, six ASC representatives attended the NACAS annual conference on Disney property in Orlando, Florida. Craig Biviano, Michelle Brackin, Emily Gray, Bill McNamara, Chris Applegate, and Dana Wavle attended four required professional development sessions and received Disney Institute Certificates, which are highly coveted in the hospitality industry. Dana, Chris, and Jennifer King-MacKenzie from Keegan Associates presented "Sharpen Your Message and Get Connected with Marketing!" at an educational session. The conference was a memorable event for all who attended. We continue to incorporate the Disney Philosophy into our management activities and practices.

Sandwich Seminar

On March 17, 2005, Dana Wavle and Chris Applegate held a sandwich seminar at The Bookmark. The program was entitled "Ten things you wanted to know about ASC but were afraid to Ask." Our presentation covered the following topics: (1) organizational structure and non-profit status, (2) membership representation, (3) financial history, (4) catering prices, (5) textbook prices, (6) surveys, (7) ASC values, (8) student outreach, (9) professional outreach, and (10) future plans.

SASA Meeting

ASC hosted the March/April SASA (SUNY Auxiliary Services Association) meeting for the first time at SUNY Cortland. The joint meeting was planned and programmed as a "mini-conference" for executive directors, foodservice directors, and marketing professionals from 15 different SUNY campuses, including System Administration. Annette O'Hara and Christine Applegate deserve special recognition for their invaluable assistance with this event. As a follow-up to this meeting and the October NACAS marketing presentation, SASA now has a formal marketing sub-group with Dana Wavle as its liaison.

Environmental Activities

The following is a report of ASC's environmental activities in 2004-05:

1. Implemented the use of china and silverware for weekend brunch in Neubig Dining Hall in January. Since making this change, we have reduced the use and disposal of paper, styrofoam, and plastics by over 30%. Neubig will be a "green" facility in 2005-06 (china/silverware 7 days a week) with the transition to all-you-care-to-eat dining.
2. Worked with NYPIRG to develop a beverage refill program ("Refill, Don't Landfill"). Program was implemented 2/21/05.
3. We are exploring the use of PLA (biodegradable) plastic containers. Ithaca College has been able to procure these from a common vendor at a slightly better price than non-degradable plastic containers.
4. ASC continues to play an integral part in the process of bringing composting to campus, through active participation with the Greening Committee. We hope to have a small demo project ready for the fall semester. We are preparing to separate vegetable scraps at the Commissary and Neubig for composting.
5. As part of our ongoing efforts, we do recycle 100% all eligible plastic and metal containers in our production facilities.

Professional Development

Emily Gray earned the Certified Collegiate Retailer (CCR) designation in 2005. Michelle Brackin and Bill McNamara graduated from the prestigious and world-renowned Dale Carnegie Course in March 2005 and subsequently served as graduate assistants. Michelle, Bill, and Emily are to be commended and congratulated for their significant professional accomplishments.

Professional Affiliations and Outreach

Dana Wavle serves on the Executive Committee of SASA. He is also on the Board of Directors of the SUNY Cortland Childcare Center and is currently serving as the organization's Treasurer. Emily Gray was elected and installed as the President of CSANYS in April 2005.

Accolades

ASC and SUNY Cortland were included in an article entitled "Measuring Success: Everyday Evaluation." The article appeared in the spring 2005 issue of Campus Dining Today, featuring customer service. SUNY Cortland's Person to Person Links (Connections) study is mentioned on page 48, and there is a prominent picture of the Dragon's Den "Dragon Ladies" receiving the 1st annual P.O.S. award on page 49.

In May 2005, NACAS News Online posted an article about ASC's successful implementation of the WebFood online order system for the 2004-05 school year. The complete article appears on the next page.

FY06 Goals and Objectives

1. Review and implement recommended initiatives from the CBC Study; complete the design process for the planned remodel/renovation of the front-end of the College Store.
2. Successfully implement new meal plans and all-you-care-to-eat dining format.
3. Continue to conduct quality assessment and satisfaction surveys for ASC services.
4. Continue the development of new ASC services, including the Campus Corner Subway concept, the "new" Creamery, and the ASC/CRC parking lot (reactivate project).
5. Continue to develop and fine tune the Campus Catering service model; implement cost-based pricing, budget friendly catering, and outside caterer guidelines.
6. Assume control of the SUNY Cortland laundry service and strive for a seamless, smooth transition.
7. Continue implementation of Board-approved performance evaluation system for executive management, management, supervisory, and all other non-bargaining unit staff.
8. Maintain open channels of communication with critical areas and departments (Finance & Management, Student Affairs, Facilities & Planning, etc.).
9. Continue to work on campus outreach initiatives, so that the campus community remains informed regarding ASC services (including issues and initiatives).
10. Rollout the ASC Family Fund. Inc.
11. Prepare the existing well at Antlers as a primary and permanent source of water supply in 2006, if approved by the NYSDOH.

Conclusion

This annual report represents the combined hard work, dedication, and commitment to excellence of every ASC employee in the organization. We extend a sincere and heartfelt "thank you" to each and every member of the ASC family of employees who serve the campus daily. ASC management would also like to express its thanks and appreciation to the Board of Directors for continued guidance, support, and leadership.

**AUXILIARY SERVICES CORPORATION
OF SUNY CORTLAND
STATEMENT OF FINANCIAL POSITION
Fiscal Years Ended June 30, 2005 and 2004**

ASSETS

CURRENT ASSETS	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents:		
Cash	755,980	1,164,909
Cash Held for Others - Agency	1,548,239	1,652,214
Total Cash and Cash Equivalents	<u>2,304,219</u>	<u>2,817,123</u>
Short-Term Investments:		
Mutual Funds	1,256,409	0
Corporate Stock	263,071	218,164
Total Short-Term Investments	<u>1,519,480</u>	<u>218,164</u>
Accounts Receivable:		
Trade	417,353	484,200
Student Loans	11,425	8,827
Less: Allowance for Doubtful Accounts	(1,000)	(17,481)
Total Accounts Receivable	<u>427,778</u>	<u>475,546</u>
Inventories:		
College Stores	489,605	442,468
Dining Services	79,321	77,986
Antlers / Raquette Lake	7,124	11,272
Total Inventories	<u>576,050</u>	<u>531,726</u>
Prepaid Expenses and Other Assets	<u>130,509</u>	<u>73,392</u>
Total Current Assets	<u>4,958,036</u>	<u>4,115,951</u>
NONCURRENT ASSETS		
Land, Buildings, and Equipment	5,887,256	6,200,807
Less: Accumulated Depreciation	(3,807,261)	(3,830,675)
Long-Term Investments	1,434,112	1,476,950
Total Noncurrent Assets	<u>3,514,107</u>	<u>3,847,082</u>
TOTAL ASSETS	<u><u>8,472,143</u></u>	<u><u>7,963,033</u></u>

**AUXILIARY SERVICES CORPORATION
OF SUNY CORTLAND
STATEMENT OF FINANCIAL POSITION
Fiscal Years Ended June 30, 2005 and 2004**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	<u>2005</u>	<u>2004</u>
Accounts Payable	146,293	93,299
Promise(s) to Give	0	170,000
Accrued Expenses	32,796	49,791
Accrual for Compensated Absences	259,300	279,598
Collections Received in Advance	77,576	80,320
Deposits Held for Others - Agency and Student Loan	1,559,664	1,661,043
Total Current Liabilities	2,075,629	2,334,051
NONCURRENT LIABILITIES		
Promise(s) to Give	0	0
Postretirement Medical Benefits	580,520	563,961
Total Liabilities	2,656,149	2,898,012
NET ASSETS		
Unrestricted:		
Designated for Equipment Replacement	1,903,700	1,417,350
Designated for Working Capital	1,100,000	800,000
Designated for Capital Assets	2,079,995	2,370,132
Designated for Uninsured Losses	200,000	200,000
Other Unrestricted, Undesignated	532,299	277,539
Total Unrestricted	5,815,994	5,065,021
Temporarily Restricted		
State Equipment Replacement Reserve	0	0
Total Net Assets	5,815,994	5,065,021
TOTAL LIABILITIES AND NET ASSETS	8,472,143	7,963,033

AUXILIARY SERVICES CORPORATION
OF SUNY CORTLAND
STATEMENT OF ACTIVITIES
Fiscal Years Ended June 30, 2005 and 2004

	Dining Services	College Stores	Raquette Lake	Ancillary Services	Administration	Total Fiscal 2005	Total Fiscal 2004	
Sales	8,574,849	4,299,860	179,086	167,833	-	13,221,628	12,317,988	
Other Income & Commissions	-	38,565	-	105,745	-	144,310	113,814	
Cost of Goods Sold	<u>2,446,878</u>	<u>2,958,669</u>	<u>63,775</u>	<u>23,705</u>	<u>-</u>	<u>5,493,027</u>	<u>5,345,002</u>	
GROSS MARGIN ON SALES	6,127,971	1,379,756	115,311	249,873	-	7,872,911	7,086,800	
OPERATING EXPENSES								
Direct:								
Salaries & Wages	2,547,949	427,766	76,657	57,336	499,835	3,609,543	3,617,265	
Employee Benefits	1,248,390	168,853	15,048	26,984	184,895	1,644,171	1,709,310	
Provision for Depreciation of ASC-Owned Equipment	303,240	29,573	24,373	60,325	40,249	457,760	444,051	
Provision for Replacement of State-Owned Equipment	-	-	-	-	-	0	0	
Utilities & Rent	273,407	37,715	18,509	5,669	19,321	354,621	319,302	
Supplies & Materials	338,726	17,530	4,889	422	18,041	379,607	393,820	
Contracted Services	51,698	75,418	7,780	9,192	65,363	209,452	231,812	
Other Operating Expenses	<u>253,253</u>	<u>81,693</u>	<u>29,744</u>	<u>20,371</u>	<u>134,593</u>	<u>519,653</u>	<u>456,275</u>	
Total Direct Expenses	5,016,663	838,548	177,000	180,299	962,297	7,174,807	7,171,835	
Allocation of Administration	<u>590,912</u>	<u>338,795</u>	<u>12,893</u>	<u>19,697</u>	<u>(962,297)</u>	<u>0</u>	<u>1</u>	
Total Operating Expenses	5,607,575	1,177,343	189,893	199,996	0	7,174,807	7,171,836	
Operating Revenue Over (Under)								
Operating Expenses	<u>520,396</u>	<u>202,413</u>	<u>(74,582)</u>	<u>49,878</u>	<u>(0)</u>	<u>698,105</u>	<u>(85,036)</u>	
Investment Income								
Net Excess Revenue Over (Under) Operating Expenses								
Other Program Expenses								
							190,351	67,409
							888,456	(17,627)
NET EXCESS REVENUE OVER (UNDER) TOTAL EXPENSES							<u>(137,483)</u>	<u>(127,984)</u>
							<u>750,973</u>	<u>(145,611)</u>

AUXILIARY SERVICES CORPORATION
OF SUNY CORTLAND
SCHEDULE C - PROGRAM EXPENSES
FOR THE YEARS ENDED JUNE 30.

Program:	2005	2004
AASCU/ADP Wingspread Conference	\$ 1,500	\$ -0-
Admissions Recruitment Programs	20,694	19,985
Alcohol Free Coffee House	2,499	2,992
Alternative Spring Break	1,000	1,200
Athletic Academic Excellence	450	250
Brooks Museum Lecture Series	1,499	1,498
CALS Lecture Grant Program	11,250	9,996
CALS Performing Arts Series	10,750	10,750
Center for Multicultural and Gender Studies	5,100	4,960
Chi Alpha Epsilon Induction	500	-0-
College Community Orchestra/Choral Union	-0-	1,200
Dowd Fine Arts Gallery	1,197	589
Early Childhood Program Training Series	500	500
Earth Day	500	-0-
Eating Disorders Awareness	1,000	1,500
Educational Opportunity Programs	6,500	6,000
Eurosim	-0-	598
Family Weekend	2,000	1,500
Goofs & Goblets	500	450
Gospel Choir	1,180	1,198
Greek Leadership Programs	498	500
Guess Who's Coming to Dinner	500	-0-
Homecoming/Community Weekend	1,809	1,418
International Music	-0-	500
International Training	-0-	500
Leadership Development Programs	2,280	2,498
Let's Be Tobacco Free	496	493
Make a Difference Day	190	-0-
Multicultural Life	3,000	5,301
Native American Events	586	555
New Student Orientation Program	4,000	3,000
Peer Mentor Program	-0-	1,000
President's Purpose of Charter	38,955	31,700
Project for Eastern & Central Europe	618	808
Road to Peace	-0-	1,000
Scholar's Day	1,300	1,185
SGA Festivus	1,000	1,000
SGA Spring Fling	5,680	5,000
SGA Winter Formal	750	-0-
Sled Hockey/Wheelchair Equipment Maintenance	600	1,350
Social Philosophy	-0-	1,000
SUNY Cortland Children's Museum	1,000	-0-
SUNY Cortland Outdoor Opportunities Program	-0-	1,998
SUNY Librarians Association Conference	750	-0-
Supporting Hall Communities on Campus (FISH)	3,000	-0-
Teachers in Training	500	434
Undergraduate Commencement Booklet	-0-	300
Video For Web Instruction	-0-	(220)
Welcome Week	1,352	997
World First Learning	-0-	500
Total Program Expenses	\$ 137,483	\$ 127,984