Instructions for DPSA Income Statement

Educational Revenues:

Gross Tuition (Line 1) is tuition collected from students prior to refunds, cancellations, expulsions, etc. and does not include income from other sources.

The Total Educational Revenues (Line 5) equals the Gross Tuition (Line 1) plus Student Fees (Line 2), minus the Tuition and Fees Refunds (Line 3) and the Textbook and Student Material Expense (Line 4).

Educational Expenses:

Line items (6-15) are direct expenses incurred by the institution to provide student training.

Instructional Salaries (Line 6) is the amount the institution pays for instructor(s) salary/wages and benefits.

Instructional Expense (Line7) is the amount paid for supplies and materials. This line item denotes items that will be replenished on a regular basis.

Student Recruitment (Line 8) is the amount paid for advertising. This includes items such as radio/tv ads, printed mailings, and travel for agents.

Depreciation of Equipment (Line 9) is a way to allocate the cost of equipment over its useful life. Institutions should follow guidelines published by the Internal Revenue Service (IRS) for appropriate useful lifespans for the equipment. (Example: If an institution purchased $10,000 of training equipment with an expected useful life of 5 years; the equipment's value would be decreased by 1/5, or $2,000 each year.)

Occupancy Expense (Line 10) is the amount paid for the rent or mortgage, utilities, taxes, insurance, and management fees.

Administrative Salaries (Line 11) is the amount paid for administrator's salary/wages and benefits. Examples include the registrar, treasurer, or librarian.

Officer Salaries (Line 12) is the amount paid for the officers or owner's salary/wages and benefits.

Administrative Expenses (Line 13) are expenses for copying, printing, postage, travel, etc.

Student Personnel Services (Line 14) is the amount incurred to provide services outlined in the catalog. (Example: Job Fairs, tutoring, resume services, etc.)

Support Staff Salaries (Line 15) is the amount paid for the salary/wages, and benefits for security officers, custodian, receptionists, etc.

The Total Educational Expenses (Line 16) equals the total of lines 6 through 15.

Educational Income/(Loss) equals the Total Educational Revenues (Line 5) minus Total Educational Expenses (Line 16).

Other Income and Expense (Non-Training Income):

Other Income (Line 20) is income from other sources not included in educational income. An explanation should be provided by the institution on a separate sheet of paper. (Example: A massage therapy institution has a clinic/spa in which patrons pay for students to perform massages. This spa is not the primary business purpose of the institution but provides an additional revenue stream.)

Other Expenses (Deduction) (Line 21) are expenses incurred by the institution as a part of the secondary business. It may include additional utilities, rent, salaries, etc. (Example: The massage therapy institution hires a coordinator to handle scheduling for the students performing massages in the spa. In this example the salary/wages, benefits, etc. related to the spa coordinator would be expenses related to the secondary business purpose.)

Total Other Income & Expense (Line 22) is equal to the net value of lines 18 through 21.

Earnings Before Income Taxes:

The Earnings Before Income Taxes is equal to the Educational Income (Line 17) minus the Total Other Income & Expense (Line 23).

Federal and State Income Taxes:

If you have questions about this field (Line 24), please consult your tax preparer or accountant.

Extraordinary and Unusual Income (Net):

Extraordinary & Unusual Income (Net) (Line 25): In all but the rarest of circumstances this will be a one-time, non-recurring, event. (Example: The institution's facilities suffer damage from an earthquake. An earthquake would be considered extraordinary in Tennessee but would not qualify as extraordinary in California due to the frequency with which they occur there. In this example the business would likely have income (insurance settlement) and expenses (repair and replacement costs). The institution should use the difference between these two items for this field.)

Net Income/(Loss):

The Net Income/(Loss) is equal to the Earnings Before Income Taxes (Line 24) minus the Federal and State Income Taxes (Line 25).

Instructions for DPSA Balance Sheet

Current Assets:

Current Assets are the most liquid assets a business holds. They can be liquidated within 1 year.

Cash (Restricted) (Line 2) is the amount held by the institution for a specific purpose designated by the donor. (Example: A donor gives $1,000 to cover improvements to the institution's library. This money is held as Cash (Restricted) until the institution makes the library upgrades.)

Total Current Assets are the total of Line 1 through Line 8.

Fixed Assets:

Assets that are purchased for long-term use and are not purchased for the purpose of being converted into cash. Examples of fixed assets are buildings, equipment, furniture, fixtures and library holdings.

Accumulated Depreciation of Buildings (Line 11), Furniture and Equipment (Line 13), Library Holdings (Line 17) is a way to account for the cumulative allocation of costs over the useful life. (Example: The accumulated depreciation for equipment an institution purchased 3 years ago, for $10,000 and depreciated $2,000 each year is $6,000.)

Total Fixed Assets equals the net value of the buildings, equipment, library holdings etc.

Other Assets:

Other Assets are items owned by the business that are not clearly defined as Current Assets or Fixed Assets.

Goodwill (Line 24) is a long-term, intangible asset. It is a non-physical resource that has a value to the institution. It represents the difference between what is paid for a company versus its current value and is looked at every year.

Total Other Assets equals the net value of Lines 22-25.

Total Assets:

Total Assets equals the sum of Lines 9, 21, and 26.

Current Liabilities:

Current Liabilities are the debts of the business that must be paid within 1 year.

Current Portion of Notes or Bonds Payable (Line 32) and Current Portion of Mortgage (Line 33) are the amounts due for each over the next 12 months. This amount is deducted from the total outstanding debt or mortgage owed by the institution.

Unearned Tuition (Line 36) is the amount held by the institution for instruction not yet delivered.

Total Current Liabilities is the sum of Lines 28 through 38.

Long-Term Liabilities:

Long-Term Liabilities records the debt owed by the institution that must be paid in a time period longer than 1 year.

Note or Bonds Payable (Line 40) and Mortgage Payable (Line 41) are the remaining portion of the debt after current portions have been deducted.

Total Long-Term Liabilities (Line 43) is the sum of lines 40 through 42.

Total Liabilities (Line 44) is the sum of Total Current Liabilities (Line 39) and Total Long-Term Liabilities (Line 43).

Stockholder's/Owner's Equity:

Stockholders/Owner's Equity is the difference between the Total Assets (Line 27) and Total Liabilities (Line 44).

Retained Earnings, Beginning Balance (Line 45) is the difference between the Total Assets (Line 27) and Total Liabilities (Line 44) at the beginning of the fiscal year, or the end of the prior years retained earnings.

Net Income/Loss (Line 46) will be transferred from the Income Statement (Line 26).

Dividends/Distributions (Line 47) is the amount paid to shareholders who own shares of stock in a corporation.

Other Retained Earnings (Line 48) is a way to account for additional investments made by the owner(s) during the fiscal year.

Retained Earnings, Ending Balance (Line 49) equals the net value of Line 45 through Line 48.

Total Stockholder's/ Owner's Equity (Line 53) is the sum of Lines 49 through 52.

Total Liabilities and Stockholder's Equity:

Total Liabilities and Stockholder's/Owner's Equity is the sum of Lines 44 and 53.