



Salmon Sims Thomas & Associates PLLC

For Immediate Release

Contact:
Linda Howard
972.739.1268
lhoward@sstcpa.com

YEAR-END PLANNING TIPS FOR CAREER SCHOOLS

2008 - 2009

Year-end is quickly approaching for a majority of schools. You should calculate your composite score and 90/10 ratio on interim financials. If you are falling short of the minimum requirements, consult your accountant to discuss strategies and consider the following tips.

1. Coordinate tax planning strategies, i.e. shareholder bonuses, with the composite score calculation to ensure they do not conflict.
2. Consider purchasing fixed assets with long-term debt to increase composite score and create additional tax deduction.
3. If selling receivables, be sure that they are sold without recourse to ensure they qualify to be counted as cash in the 90/10 calculation.
4. Segregate the additional \$2,000 in unsub loans available to students so that it may be properly accounted for as cash in the 90/10 calculation.
5. If you make institutional loans to students, consider which method to use for including those loans in the 90/10 calculation, i.e. cash collections or the net present value method.
6. Review student receivables and write-off all amounts considered uncollectible. Be honest and realistic about the collectability of these receivables. Don't wait for the auditor to make a large adjustment that will negatively affect the composite score.
7. If you maintain your monthly financials on a cash basis or do not record unearned tuition on a regular basis, consider converting the financial to an accrual basis and recording unearned tuition on interim financials to properly calculate the composite score. Don't wait for the auditor to make these adjustments.
8. Consider the need to secure any related party receivables and complete necessary UCC filings. If receivables are secured by equity investments or real estate, which likely have declined in value, you should ensure the value of these assets are sufficient to secure the current receivable balance.