IAAPA

Finance and Information Technology Committee

Accounting Standards for the Amusement Industry

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Contents

1. Philosophy in Developing a Chart of Accounts

The development of a chart of accounts is an integral part of the reporting and monitoring of the operation. The establishment of a chart should not be taken lightly. Much thought must be given to the present and future outlook for the attraction. Once a chart is established it is best that it not have major changes from year to year. The chart of account activity is a primary source of the historical data used to analysis, compare, report and forecast the operations.

Chart of accounts will very from operation to operations but there are generally some common elements such as:

- Accounts are grouped by the major balance sheet and income categories;
- Each major category will have, if needed, sub-accounts;
- Groups of accounts will have the same identifying character;
- Within groups generally the sub-accounts are in some type of order such as alphabetical;
- Generally the numbers are not continuous. Numbers are skipped to allow for additions;
- If multiple companies, locations or departments are used, the “core” account should always be the same;
- Generally only one person within a company has the authority to add or delete accounts.

The structure of the accounts number will vary based on:

- Software requirements and restrictions;
- Organization structure and complexity;
- Internal and external reporting needs.

It is best to look at the structure of a chart from the bottom up. Ask yourself questions such as:

- What do I need to know hourly, weekly, daily, monthly, yearly?
- At what level do I need this information?
- Where is it best that the information be stored?
- Do I need the information in detail or summary?
- What is the source of the information I need?
- How do I need this information sorted?

The chart of account, once established, is on going and collects information from month to month and year to year. The terms used should always be generic and not personalized. In only very rare situations are names of people included in the account name. Accounts are almost never deleted once they are set up and have activity in them. They can, if the system allows, be made inactive but not deleted. Accounts numbers are generally not reused or renamed if the information collected in the account has changed. Most account numbers are assigned allowing for future growth and changes.

The chart of accounts is the foundation for all the financial information of your organization. It should be flexible, allow for growth and/or changes, have some type of logic and the data collected needs to be applied consistently across the board.

2. Sample Chart of Accounts

"From Uniform System of Accounts for Amusement Industry"

The following pages present a sample chart of accounts which is intended to be used only as a guide to establishing an accounting system for recording business transactions. It is designed to be broad enough to have a major number for each account that is regularly used in standard reporting, and sufficiently detailed to provide sub-accounts for all departments or areas of significance.

The sample chart of accounts uses a twelve-digit numbering system, consisting of four clusters of three digits each. The clusters are defined as follows:

1st		2nd		3rd		4th
XXX	**-**	**XXX**	**-**	**XXX**	**-**	**XXX**

⇨ Property number

⇨ Revenue Departments or Cost Centers

⇨ Major Accounts on Balance Sheet or Income Statements

⇨ Sub-Accounts useful for analysis and control

The order and use of the number clusters is discretionary based on needs and software requirements.

No attempt has been made to meet the specific needs of every company. The chart of accounts presented here is sufficiently flexible to allow companies, individual owners, or managers to add or delete accounts to meet the needs and requirements of their properties. For example, a single property owner/operator may choose to eliminate the first and fourth clusters, using only the second cluster to represent departments and the third cluster to indicate the major general ledger accounts.

As another example, one company might define Cash as account number 100 within the third cluster and use the fourth cluster to indicate individual banks (First National, City Savings and Trust, etc.), while another company might use the fourth cluster to indicate the type of account, such as House Funds, Checking Account, or Payroll Account. It is also possible to use the third and fourth cluster to indicate both the individual bank and the type of account.

Since it is more likely that smaller properties might find a suggested chart of accounts useful, the following is provided for that purpose. Only the second and third clusters are used.

The suggestions for assigning the digits within the second cluster (revenue department or cost center) are:

000 The whole company; no specific department

100 Amusement Department as an entity; possible subdivisions include:
- 120 Amusement Rides
- 140 Water Park
- 160 Parking
- 180 Group Sales

200 Concession Department as an entity; possible subdivisions include:
- 210 Food Concessions
- 220 Fine Dining
- 230 Banquet Department
- 270 Kitchen
- 290 Employee Cafeteria

300 Beverage Department as an entity; possible subdivisions include:
- 310 Bar I Lounge
- 320 Banquet Department

400 Communications Department

500 Gift Shop

570 Other Operated Departments

590 Rentals, Revenue Share and Other

600 Administrative and General as an entity; possible subdivisions include:
- 610 Accounting
- 620 Information Technology
- 640 Human Resources
- 650 Purchasing
- 670 Security
- 690 Housing

700 Marketing

800 Maintenance

850 Utility Costs

900 Management Fees

950 Fixed Undistributed Charges

Suggestions for assigning the digits within the third cluster (major accounts) are:

100-199 Assets
200-279 Liabilities
280-299 Equity
300-399 Revenue
400-499 Cost of Sales
500-599 Payroll
600-699 Other Expenses
700-799 Fixed Charges

The following pages provide a more detailed assignment of the major account numbers.

ASSETS

100 Cash
- 101 House Funds/Banks
- 103 Checking Account
- 105 Payroll Account
- 107 Savings Account
- 109 Petty Cash

110 Short-Term Investments

120 Accounts Receivable
- 121 General Customer Accounts
- 122 Credit Card Accounts
- 123 Group Sales Accounts
- 124 Notes Receivable (Current)
- 125 Due from Employees
- 126 Receivable from Owner
- 127 Other Accounts Receivable
- 128 Intercompany Receivables
- 129 Allowance for Doubtful Accounts

130 Inventory
- 131 Food
- 132 Liquor
- 133 Maintenance Supplies
- 135 Operating Supplies
- 136 Paper Supplies
- 137 Cleaning Supplies
- 138 China, Glassware, Silver, Linen, and Uniforms (Unopened Stock)
- 139 Other

140 Prepaids
- 141 Prepaid Insurance
- 142 Prepaid Taxes
- 143 Prepaid Workers' Compensation
- 144 Prepaid Supplies
- 145 Prepaid Contracts
- 146 Current Deferred Tax Asset
- 147 Barter Contracts Asset
- 149 Other Prepaids

150 Non-current Receivables

155 Investments (not short-term)

- 160 Property and Equipment
  - 161 Land
  - 162 Buildings
  - 163 Accumulated Depreciation-Buildings
  - 164 Leaseholds and Leasehold Improvements
  - 165 Accumulated Depreciation-Leaseholds
  - 166 Furniture and Fixtures
  - 167 Accumulated Depreciation-Furniture and Fixtures
  - 168 Rides/Attractions
  - 169 Accumulated Depreciation-Machinery and Equipment
  - 170 Information Systems Equipment
  - 171 Accumulated Depreciation-Information Systems Equipment
  - 172 Automobiles and Trucks
  - 173 Accumulated Depreciation-Automobiles and Trucks
  - 174 Construction in Progress
  - 175 China
  - 176 Glassware
  - 177 Silver
  - 178 Linen
  - 179 Uniforms
  - 180 Accumulated Depreciation-China, Glassware, Silver, Linen, and Uniforms
- 190 Other Assets
  - 191 Security Deposits
  - 192 Deferred Charges
  - 193 Long-Term Deferred Tax Asset
  - 196 Cash Surrender Value of Life Insurance
  - 197 Goodwill
  - 199 Miscellaneous

<u>LIABILITIES</u>

- 200 Payables
  - 201 Accounts Payable
  - 205 Dividends Payable
  - 207 Notes Payable
  - 209 Intercompany Payables
- 210 Employee Withholdings
  - 211 FICA-Employee
  - 212 State Disability-Employee
  - 213 SUTA-Employee
  - 214 Medical Insurance-Employee
  - 215 Life Insurance-Employee
  - 216 Dental Insurance-Employee
  - 217 Credit Union
  - 218 United Way
  - 219 Miscellaneous Deductions
- 220 Employer Payroll Taxes
  - 221 FICA-Employer
  - 222 FUTA-Employer
  - 223 SUTA-Employer
  - 224 Medical Insurance-Employer
  - 225 Life Insurance-Employer "
  - 226 Dental Insurance-Employer
  - 227 Disability-Employer
  - 228 Workers' Compensation-Employer
  - 229 Miscellaneous Contributions

230 Taxes
- 231 Federal Withholding Tax
- 232 State Withholding Tax
- 233 County Withholding Tax
- 234 City Withholding Tax
- 236 Sales Tax
- 238 Property Tax
- 241 Federal Income Tax
- 242 State Income Tax
- 244 City Income Tax

255 Advance Deposits
260 Accruals
- 261 Accrued Payables
- 262 Accrued Utilities
- 263 Accrued Vacation
- 264 Accrued Taxes
- 267 Barter Contracts Liability
- 269 Accrued Expenses-Other

270 Current Portion-Long-Term Debt
272 Other Current Liabilities
273 Current Deferred Tax Liability
275 Long-Term Debt
276 Capital Leases
277 Other Long-Term Debt
278 Long-Term Deferred Tax Liability

EQUITY

For Proprietorships and Partnerships:

- 280-287 Owner's or Partners' Capital Accounts
- 290-297 Owner's or Partners' Withdrawal Accounts
- 299 Income Summary

For Corporations:

- 280-285 Capital Stock
- 286 Paid-in Capital
- 289 Retained Earnings
- 290 Treasury Stock
- 291 Unrealized Gain (Loss) on Marketable Equity Securities
- 292 Cumulative Foreign Currency Translation Adjustments
- 299 Income Summary

REVENUE

300 Admission Revenue
- 301 Pay One Price
- 302 Tickets
- 303 Season Pass
- 304 Lockers
- 311 Group Sales
- 312 Consignment Passes
- 319 Other

320 Food Revenue
- 321 Food Sales
- 322 Banquet/Group Food
- 326 Service Charges

329 Other Food Revenue
330 Beverage Revenue
331 Liquor Sales
332 Wine Sales
335 Soft Drinks
336 Service Charges
339 Other Beverage Revenue
350 Gift Shop Revenue
360 Garage and Parking Revenue
361 Parking and Storage
362 Merchandise Sales
369 Other Garage and Parking Revenue
370 Space Rentals
371 Concessions
379 Other Rental Income
380 Other Income
381 Sponsorship
382 Laundry/Valet Commissions
383 Games and Vending Machines
384 In-house Shows
385 Cash Discounts
386 Interest Income
387 Foreign Currency Exchange Gains
388 Salvage
389 Other
390 Complimentary Revenues
391 Allowance Admissions
392 Food Allowance
393 Beverage Allowance
395 Gift Shop Allowance
396 Garage and Parking Allowance
399 Other Allowance

COST OF SALES

420 Cost of Food Sales
421 Food Purchases
427 Trade Discounts
428 Transportation Charges
429 Other Cost of Food Sales
430 Cost of Beverage Sales
431 Liquor Purchases
432 Wine Purchases
433 Beer Purchases
434 Other Beverage Purchases
437 Trade Discounts
438 Transportation Charges
439 Other Cost of Beverage Sales
450 Cost of Gift Shop Sales
451 Gift Shop Purchases
457 Trade Discounts
458 Transportation Charges
460 Cost of Garage and Parking Sales
461 Garage and Parking Purchases
467 Trade Discounts
468 Transportation Charges
490 Cost of Employee Meals
492 Bottle Deposit Refunds
495 Grease and Bone Sales Revenue

496 Empty Bottle/Barrel Sales Revenue

PAYROLL

510 Salaries and Wages
- 511-519 Departmental Management and Supervisory Staff
- 521-539 Departmental Employees

550 Payroll Taxes
- 551 Payroll Taxes-FICA
- 552 Payroll Taxes-FUTA
- 553 Payroll Taxes-SUTA
- 558 Workers' Compensation

560 Employee Benefits
- 561 Vacation, Holiday, and Sick Pay
- 564 Medical Insurance
- 565 Life Insurance
- 566 Dental Insurance
- 567 Disability
- 568 Pension and Profit Sharing Contributions
- 569 Employee Meals

599 Payroll Tax and Benefit Allocation

OTHER EXPENSES

600 Operating Supplies
- 601 Cleaning Supplies
- 602 Guest Supplies
- 603 Paper Supplies
- 604 Postage and Telegrams
- 605 Printing and Stationery
- 606 Menus
- 607 Utensils

610 Maintenance Supplies

621 Contract Cleaning Expenses

623 Laundry and Dry Cleaning Expenses

624 Laundry Supplies

625 Licenses

627 Kitchen Fuel

628 Music and Entertainment Expenses

629 Admission Expenses

630 Information Systems Expenses
- 631 Hardware Maintenance
- 632 Software Maintenance
- 635 Service Bureau Fees
- 639 Other Information Systems Expenses

640 Human Resources Expenses
- 641 Dues and Subscriptions
- 642 Employee Housing
- 643 Employee Relations
- 644 Medical Expenses
- 645 Recruitment
- 646 Relocation
- 647 Training
- 648 Transportation

650 Administrative Expenses
- 651 Credit Card Commissions
- 652 Donations
- 653 Insurance-General

- 654 Credit and Collections Expenses
- 655 Professional Fees
- 656 Losses and Damages
- 657 Provision for Doubtful Accounts
- 658 Cash Over/Short
- 659 Travel and Entertainment

660 Marketing Expenses
- 661 Commissions
- 662 Direct Mail Expenses
- 663 In-house Graphics
- 664 Outdoor Advertising
- 665 Point-of-Sale Material
- 666 Print Materials
- 667 Radio and Television Expenses
- 668 Selling Aids
- 669 Franchise Fees

670 Property Operation Expenses
- 671 Building Supplies
- 672 Electrical and Mechanical Equipment
- 674 Engineering Supplies
- 675 Furniture, Fixtures, Equipment
- 676 Grounds and Landscaping
- 677 Painting and Decorating
- 678 Removal of Waste Matter
- 679 Swimming Pool Expenses

680 Utility Costs
- 681 Electrical Cost
- 682 Fuel Cost
- 686 Steam Cost
- 687 Water Cost
- 689 Other Utility Costs

690 Vehicles
- 691 Fuel and Oil
- 693 Insurance
- 695 Repairs and Maintenance
- 699 Other Expenses

FIXED CHARGES

700 Management Fees

710 Rent or Lease Expenses
- 711 Land
- 712 Buildings
- 713 Equipment
- 714 Telecommunications Equipment
- 715 Information Systems Equipment
- 716 Software (includes any license fees)
- 717 Vehicles

720 Tax Expense
- 721 Real Estate Taxes
- 722 Personal Property Taxes
- 723 Utility Taxes
- 724 Business and Occupation Taxes

730 Building and Contents Insurance

740 Interest Expense
- 741 Mortgage Interest
- 742 Notes Payable Interest
- 743 Interest on Capital Leases
- 744 Amortization of Deferred Financing Costs

750 Depreciation and Amortization
- 751 Building and Improvements
- 752 Leaseholds and Leasehold Improvements
- 753 Furniture and Fixtures
- 754 Machinery and Equipment
- 755 Information Systems Equipment
- 756 Automobiles and Trucks
- 757 Capital Leases
- 758 Preopening Expenses

770 Gain or Loss on Sale of Property

790 Income Taxes
- 791 Current Federal Income Tax
- 792 Deferred Federal Income Tax
- 795 Current State Income Tax
- 796 Deferred State Income Tax

3. Balance Sheet

A. Assets

A.1 Current Assets

This section of the Balance Sheet includes accounts that are to be converted to cash or used in operations within 12 months of the Balance Sheet date. Non-current assets (such as Non-current Receivables, Property and Equipment, and Other Assets) refer to accounts that are not expected to be converted to cash or used in operations within 12 months of the Balance Sheet date. The accounts appearing under the Current Assets section of the Balance Sheet are commonly listed in the order of their liquidity.

Cash

Cash includes Cash on Hand (House Banks), Demand Deposits, and Temporary Cash Investments. Temporary Cash Investments should be of a demand nature or have maturities within 90 days at the time of purchase. Cash that is restricted formally for long-term purposes, such as for property and equipment replacement reserves, should be included in Non-current Assets.

Short-Term Investments

Short-Term Investments are not Temporary Cash Investments, but are intended to be converted to cash or cash equivalents within a year. Short-Term Investments are, essentially, trading securities and should be reflected at market value with the unrealized gain or loss recognized in the Statement of Income. The basis for valuation of such securities should be disclosed in Notes to the Financial Statements.

Receivables

This line item groups Accounts Receivable and Notes Receivable. Based on the needs of the property, a supporting schedule may accompany the Balance Sheet, detailing significant items included within current receivables.

Accounts Receivable. Accounts Receivable consists of the total amount due to the property from accounts carried in the guest, group, and rent ledgers. Accounts due from owners, officers, employees, and affiliated entities should be shown separately, unless insignificant. Accounts not expected to be collected within the next 12 months should be included under Non-current Receivables. Significant credit balances should be included in current liabilities under Advance Deposits or Other Liabilities, depending on the nature of the credit balance.

Notes Receivable. Notes Receivable includes notes that are expected to be collected within the next 12 months. Notes Receivable from owners, officers, employees, and affiliated entities should be shown separately, unless insignificant. Notes that are not expected to be collected within the next 12 months should be included under Non-current Receivables.

Current Maturities of Non-current Receivables. Current Maturities of Non-current Receivables includes amounts that are expected to be collected within the next 12 months. Amounts that are not expected to be collected within the next 12 months should be included under Non-current Receivables.

Other. Other receivables include those receivables that are not either Accounts or Notes Receivable. Examples include Accrued Interest Receivables and Receivables Due from Employees.

Allowance for Doubtful Accounts. The Allowance for Doubtful Accounts represents an allowance for the portion of current accounts and notes receivable estimated to be uncollectible. The allowance should be based on historical experience, specific appraisal of individual accounts, or other accepted methods. Accounts that become uncollectible should be charged to this account and recoveries of accounts previously written off should be credited to it. The balance at the end of any period, however, should be the best estimate of the portion of accounts and notes receivable that will not be collected.

Inventories

Inventories include the cost of merchandise held for sale, such as food, beverages, and gift merchandise. This category should also include the cost of reserve stocks of china glassware, silver, linen and uniforms and other items such as tools, office supplies and computer supplies. The basis for valuing inventories should be disclosed in the notes to the financial statements. If individual categories are significant in amount they should be separately stated.

Prepaid Expenses

Prepaid Expenses generally represents payments for items that will benefit future operating periods. Normally, the amounts are charged to operations based upon when the benefits are received. Examples include insurance, property taxes, rent, interest, maintenance, the unused net benefit under barter contracts, and other similar items.

Deferred Income Taxes – Current

Deferred Income Taxes-Current represents the tax effects of temporary differences between the bases of current assets and current liabilities for financial and income tax reporting purposes. For example, if the Allowance for Doubtful Accounts is not deductible for tax purposes until such time as the debt is written off, the Allowance for Doubtful Accounts will result in a current deferred tax asset. Current Deferred Income Taxes are presented as net current assets or net current liabilities as circumstances dictate.

Other

Other current assets include items not shown elsewhere that are reasonably expected to be realized in cash or otherwise in the next 12 months. The category is normally used to capture minor items that are not separately disclosed.

A.2 Non-current Receivables

Non-current Receivables represents accounts and notes that are not expected to be collected during the next 12 months. Amounts due from owners, officers, employees, and affiliated entities should be shown separately, unless insignificant. If any Non-current Receivables are estimated to be uncollectible, an Allowance Doubtful Non-current Receivables should be established utilizing procedures similar to those described under the caption Allowance for Doubtful Accounts.

A.3 Investments

Investments generally include debt or equity securities, whether or not they are traded in recognized markets, and ownership interests that are expected to be held on a long-term basis. Investments in marketable equity securities and debt securities, where there is not the intent and ability to hold such securities to maturity, should be considered" available for sale" and reflected at market value with unrealized gains and losses being shown, net of tax effects, as a separate component of equity. Investment in debt securities where there is the intent and ability to hold such securities to maturity should be considered "held to maturity" and reflected at amortized cost. Investments in affiliated entities should be shown separately, unless insignificant. Investment in entities over which the reporting entity has the ability to exercise significant influence (generally by ownership of more than twenty percent) should be recorded using the equity method. The equity method requires the recording of the investor's share of the income as revenue and an increase in the carrying value of the investment. The method of accounting for and the basis for valuing investments should be disclosed in Notes to the Financial Statements.

A.4 Fixed Assets

This grouping of accounts includes owned Land, Buildings, Furniture, Fixtures and Equipment/machinery, and the cost of Leaseholds and Leasehold Improvements. Various subcategories are general shown based on the cost and importance, such as under FF&E you might have computer equipment, landscape machinery and equipment, office furniture and etc. It also includes similar assets held under capital leases. If material, assets held under capital leases should be separately presented on the Balance Sheet or in Notes to the Financial Statements. Internal policies are generally established to identify item to be classed to fixed assets based on useful life, quantity and cost.

Depreciation is a method of allocating the net cost (after reduction for expected salvage value) of the individual assets or classes of assets to operations over their anticipated useful lives. There are several different methods used for depreciation, including straight line, declining balance, and other variants. Under Generally Accepted Accounting Principles, the straight-line method of depreciation is preferred. Declining balance is a method of depreciation usually used for tax depreciation. The number of years chosen for the life of an asset or class of assets also varies somewhat in practice for similar items; however, the methods and the lives used should result in a reasonable allocation of the cost of the assets to operations over their useful lives.

Properties also use a variety of methods to charge the cost of similar item after initial set up to operations. Some properties consider these items part of their inventory and physically count and reflect the aggregate cost of the items on hand. Other properties capitalize the base stock of these items and then expense the cost of items subsequently bought and placed in service. Still other properties initially capitalize the base stock and then depreciate that amount to 50% of the cost over a reasonably short period. These properties take no further depreciation and expense the cost of items subsequently bought and placed in service. While each of the methods has conceptual merit, in order to foster uniformity, a single method is considered preferable. The preferred accounting treatment for start-up or set-up such a food stands utensils, uniforms and etc requires capitalization of the cost of the initial complement of these items. This capitalized cost is then depreciated over a period not to exceed 60 months and replacements are expensed when placed in service. Reserve stocks of these items should be considered inventory until they are placed in service. Major changes such as when a property changes affiliation and most existing items must be replaced, should be accounted for in a manner similar to the initial complement.

The total Accumulated Depreciation and Amortization should appear as a separate line item. This amount is subtracted from the Total Property and Equipment line to arrive at the Net Property and Equipment line. The methods of depreciation and amortization used by the property should be included in the Notes to the Financial Statements.

A.5 Other Assets

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in the purchase of a business. Goodwill should be amortized over the period during which it is expected to benefit the business. Accumulated Amortization should be shown and the amortization method and period disclosed in the Notes to Financial Statements.

Cash Surrender Value of Life Insurance

Some organizations purchase life insurance on the lives of key individuals. Many of these policies have a cash surrender value that should be recorded as an asset. Changes in the amount of the Cash Surrender Value should be reflected as adjustments to Insurance Expense.

Deferred Charges

Deferred Charges typically relates to financing activities and represent direct costs of obtaining financing such as loan fees and bond issuance costs. Such costs are usually amortized over the life of the related financing. The method and period of amortization should be disclosed in Notes to the Financial Statements.

Deferred Income Taxes-Non-current

Deferred Income Taxes-Non-current represents the tax effects of temporary differences between the bases of Non-current Assets and Non-current Liabilities for financial and income tax reporting purposes. For example, if a liability is accrued that will not be paid for an extended period and the expense is deductible only when paid for tax purposes, the accrual will result in a Non-current Deferred Income Tax asset. Non-current Deferred Income Taxes are presented as net non-current assets or net non-current liabilities as circumstances dictate.

Other

Non-current items that cannot be included under specific groupings such as Security Deposits, Initial Franchise Costs, and other intangible assets should be shown under this caption. Cash balances that are restricted to the acquisition of property and equipment could also be included in this classification. The nature of these items, if material, should be clearly indicated on the Balance Sheet or in the Notes to the Financial Statements. Amortization policies should be disclosed in Notes to the Financial Statements.

B. Liabilities and Owners' Equity

B.1 Current Liabilities

Notes Payable

Notes Payable includes short-term notes that are payable within the next 12 months, classified on the Balance Sheet as notes due to banks and notes due to other creditors.

Accounts Payable

Accounts Payable represents amounts due to vendors. Amounts due to concessionaires for guest charges collected by the property may be included with Accounts Payable or shown separately.

Accrued Expenses

Accrued Expenses represents expenses incurred but not payable until after the Balance Sheet date. Each item of Accrued Expense, if material, should be listed separately, either on the Balance Sheet or in the Notes to the Financial Statements. Examples include salaries and wages and related benefits, vacation pay, interest, management fees, rent, taxes other than on income, and utilities.

Advance Deposits

Advance Deposits represents amounts received that are to be applied as part of the payment for future sales for groups, parties, special events and etc.

Deferred Income

Income from the sale of annual passes. A policy should be established which best represents the actual use of the passes during to the season. The income is recorded in the profit and loss statements in the respected months. Other deferred income may be from the sale of gift certificates and or debit cards. The matching rule must be applied.

Income Taxes Payable

Income Taxes Payable represents the estimated obligations for income taxes.

Deferred Income Taxes-Current

Deferred Income Taxes-Current represents the tax effects of temporary differences between the bases of current assets and current liabilities for financial and income tax reporting purposes. For example, revenue recognized in the financial statements before it is taxable will result in current deferred income taxes if it will be taxable in the next year. Current deferred income taxes are presented as net current assets or net current liabilities as circumstances dictate.

Current Maturities of Long-Term Debt

Current Maturities of Long-Term Debt includes the principal payments of mortgage notes, other notes, and similar liabilities, and the installments on capital leases due within the next 12 months.

Other

Current Liabilities not included under other captions should be shown here. The category is normally used to capture minor items that are not separately disclosed. Examples include the unearned portion of amounts received or charged to non-guests for the use of recreational facilities, unredeemed gift certificate sales, unclaimed wages, and the net liability under barter contracts.

B.2 Long-Term Debt

This line item includes mortgage notes, other notes, and similar liabilities and obligations under capital leases that are not payable during the next 12 months.

Mortgage Notes

For Mortgage Notes, other notes, and similar liabilities, the following information should be disclosed, either on the Balance Sheet or in Notes to the Financial Statements:

- Interest rates
- Payment or sinking fund requirements Maturity dates
- Collateralization and assets pledged
- Financial restrictive covenants

- Payment and sinking fund payments required for each of the five years subsequent to the Balance Sheet date

<u>Obligations under Capital Leases</u>

For Obligations under Capital Leases, disclosure should be made of the future minimum lease payments for each of the five years subsequent to the Balance Sheet date and the total future minimum lease obligations, with a deduction for the imputed interest necessary to reduce the net minimum lease payments to present value.

B.3 Other long-Term liabilities

Long-term liabilities, being liabilities that will not require satisfaction within a year, that are not included under other captions should be included here. Examples include Deferred Compensation, Deferred Management Fees and Tenants' Lease Deposits, and accrued obligations for pension and other post-employment benefits. The nature of these items, if material, should be clearly indicated on the Balance Sheet or in the Notes to the Financial Statements.

B.4 Deferred Income Taxes-Non-current

Deferred Income Taxes-Non-current represents the tax effects of temporary differences between the bases of Non-current Assets and Non-current Liabilities for financial and income tax reporting purposes. For example, the use of accelerated depreciation for tax purposes and straight-line depreciation for financial reporting purposes will result in non-current deferred income taxes. Non-current deferred income taxes are presented as net non-current assets or net non-current liabilities as circumstances dictate.

B.5 Commitments and Contingencies

The Commitments and Contingencies caption is indicated on the Balance Sheet only to bring the reader's attention to such items. No dollar amounts should be shown on the Balance Sheet. Adequate disclosure of all significant commitments and contingencies should be made in the Notes to the Financial Statements. Examples include commitments for purchase contracts, employment contracts, long-term leases, and management agreements and contingencies for pending or threatened litigation and guarantees of indebtedness of others.

B.6 Owners' Equity

The Owners' Equity section of the Balance Sheet is presented differently for corporations, partnerships, and sole proprietorships, depending upon the type of equity ownership.

<u>Corporation</u>

<u>Stockholders' Equity</u>

Capital Stock. Capital Stock denotes the shares of ownership of a corporation that have been authorized by its articles of incorporation. The most prevalent classes of Capital Stock are Preferred and Common Stock. The par or stated value and the number of shares authorized and issued for each class of stock should be presented on the Balance Sheet. Changes during the period should be shown in the Statement of Stockholders' Equity.

Additional Paid-In Capital. Additional Paid-In Capital includes cash, property, and other capital contributed to a corporation by its shareholders in excess of the stated or par value of Capital Stock. Changes during the period should be shown in the Statement of Stockholders' Equity.

Retained Earnings. Retained Earnings represents the accumulated Net Income not distributed as dividends but retained in the business. Changes during the period should be shown in the Statement of Stockholders' Equity. Negative Retained Earnings are generally referred to as deficits.

Treasury Stock. Treasury Stock represents the cost of the company's stock acquired by the company and not retired, and should be reflected as a reduction in total Stockholders' Equity. Changes during the period should be shown in the Statement of Stockholders' Equity.

Partnership

Partner's Equity

Partners' Equity represents the net equity of the partners in the partnership and should be classified where appropriate as general and limited partners' equity. Changes during the period should be shown in the Statement of Partners' Equity.

Contributions. Contributions include the amount of any additional assets that are invested in the business by the partners during the period just ended.

Withdrawals. Withdrawals include the amount of any assets that are taken out of the business and distributed to the partners during the period just ended.

Sole Proprietorship

Owner's Equity

The Owner's Equity of a sole proprietorship is similar to the equity of a partnership except that it represents the interest of one individual as opposed to a number of partners. Changes during the period should be shown in the Statement of Owner's Equity.

Contributions. Contributions include the amount of any additional assets that are invested in the business by the owner during the period just ended.

Withdrawals. Withdrawals include the amount of any assets that are taken out of the business and distributed to the owner during the period just ended.

B.7 Unrealized Gains or Losses on Investments

Cumulative Unrealized Gains or Losses on Investments are not presented in the illustrated Owners' Equity section of the Balance Sheet; however, entities that have investments held for sale, other than trading securities, are required to reflect those investments at market value with the resulting Unrealized Gain or Loss as of the Balance Sheet date shown as a separate component in the Owners' Equity section of the Balance Sheet.

B.8 Cumulative Foreign Currency Translation Adjustments

Cumulative Foreign Currency Translation Adjustments are not presented in the illustrated Owners' Equity section of the Balance Sheet; however, entities that include foreign operations in their financial statements by translating the foreign entities' assets and liabilities at the current exchange rates should account for the cumulative effects of such translations by adding a separate component in the Owners' Equity section of the Balance Sheet.

B.9 Format of Accounts outside the United States

The examples used follow the U.S accounting standards for the presentation of financial statements. Users of this information outside the Untied States should be aware that the accounting requirements of their own jurisdictions will not necessarily follow those of the United States. The laws of other jurisdictions and the application of accounting standards may significantly affect the format and presentation of financial statements.

For example, countries that are Member States of the European Union must follow the layout prescribed for company accounts in the European Fourth Directive on company Accounts-a layout that is quite different from the U.S. standard. Other jurisdictions have no legal requirements and so whatever layout is considered most appropriate in those circumstances may be used.

4. Revenue

Revenue represents the charge or fee that is collected for the service or product that has or will be provided. The categories identified by attraction will vary based on the type & size of the attractions as well as what is will be offered to the guests. In the attraction industry there is generally several type of admission fee. The two most common fee structure used is “pay one price” or “pay as you go”. A theme park or waterpark will generally use a pay one price structure. This means you pay a specific price to enter and now have unlimited use of the majority of the rides or show. The pay as you go is more often the pricing structure used at a boardwalk with rides, fair or Family Entertainment Center. This means there is a cost for each game or ride and each time.

Other revenue may be derived from the guest such as parking fee, retail sales, food sales, beverages sales, locker sales, tube sales and etc. While these particular categories will vary by attraction, this information is generally captured separately from the admission fee.

Admission

In a pay one price structure there is generally a price establish for entry into the attraction based on age ranges. This price is commonly called the full paid price and any deviations from that price would be considered a discounted price. The variations and subcategories used are unlimited and will range from the simple to the most complicated generally based on what information management believe is important to market the operation.

The proliferation of computers and the need for significantly additional information to design, implement, and evaluate sophisticated marketing programs has increased the prevalence of identifying revenue by market source, special programs, pricing, and demographics to identify a few. The segmentation of the data in only limited by the level of detail that can be collected at the time of the sale and the sophistication of the software to process, store and report this information .

Generally the information reflected on the income statement has been summarized into major categories that have been established. The more detail information is reserved for special internal reports only. The particular categories will vary by the type of attraction but some examples for admission might be:

Pay One Price
- Full Paid
    - Adult
    - Student
    - Child
    - Senior
- Discounts
    - Walk up
    - Coupon
    - Group
- Combo Ticket
- Annual Pass
- Refunds

Each one of the above summary accounts could have multiple subcategories data that was collected at the point of sale but not reflected on your income statement. Some examples might be:

- Under walk up discounts you honor AAA. You can also tell how many transactions were AAA and then how many of the AAA transactions were adults, students, child, and/or seniors.

- Under coupons you can report which coupon it is, how many coupons were redeemed then on that coupon many guests entered and then how many were adults, students, child or seniors.

<u>Pay As You Go</u>

- Rides
  - Roller Coasters
  - Kiddy Rides
  - Flume Rides
  - Hard Rides
  - Dark Rides
- Games
  - Redemption
  - Arcades
- Miniature Golf
- Go Carts
- Shows
  - Live
  - Animated
- Concessions
  - Owned
  - Shared

Each one of the above pay as you go categories could have subcategories for each that is not reported on the income statements. Some examples might be:

- Under Rides you have roller coasters. Under the rollers coaster you may have several different ones. You may have information on number of riders you had by the hour, day week, month and whether they were adults, children and etc.
- Under Games, you have redemption. Under the redemption you may track each game by name and the number of plays.

As you can see there are an unlimited number of variables that could apply. The important thing to remember is too segments your revenue categories into ones that best represent what you are charging for. Admission should be the charge for the use of the core of your business whether that is a museum, theme park, waterpark, family entertainment center, aquariums, zoo and etc. Generally that will be reflected in the business name.

The tax collected as part of these sales would not be included in Income. The portion of the sales that is collected for taxes should be reported separately and posted to a liability account on the balance sheet.

<u>Food</u>

Most attractions operate outlets and/or carts that sell food. Food Revenue includes revenue derived from food sales, including sales of coffee, tea, milk, and soft drinks. The revenue may be classified by outlet or the type of operation from which it is realized, such as carts, restaurant, lounge/bar, groups, banquets, and others. This line also includes revenue derived from other sources such as sales of candy and cigarettes sold in the various food facilities. When admission and food are sold at an inclusive price, admission revenue and food revenue should be separated and care should be taken to ensure that appropriate departments receive equitable revenue.

<u>Food Revenue</u> - The amount charged for the food served to the guest. It is generally reported by the outlet and would include anything sold that locations. For example: Bo's Pizza if you sell the guest a slice of pizza and a soda, the revenue from both items would be shown as income for that outlet. Although, in this example it would be common to have a separate income account for the food and the beverage. The accounts establish for each outlet will vary based on the products sold. Generally the point of sale system would be

used to track the sales by the menu items sold. The amount reflect in the income account should be only the portion of the sale for the product. It does not reflect the amount of the sale that was collected for taxes. The amount of the tax for each transaction should be reported separately and posted to a liability accounts on the balance sheet.

Allowances include rebates, refunds, and overcharges of revenue not known at the time of sale but adjusted at a later date.

Beverage

Most attractions have outlets and/or carts that sell primarily beverages. Beverage Revenue includes revenue derived from alcoholic beverage sales, water and soft drinks. Beverage revenue may be classified by outlet or the type of operation from which it is realized, such as cart, restaurant, groups, banquets, bars, and others. Revenue may also be classified by type of beverage, such as wine, liquor, beer, water, soda, juices and others. This line also includes revenue derived from other sources such as sales of snacks and cigarettes sold in the various beverage facilities. If the outlets sell a soda and a pretzel, the income for both would be reflected in the income for the location. When admission and beverages are sold at an inclusive price, admission revenue and beverage revenue should be separated and care should be taken to ensure that appropriate departments receive equitable revenue.

Beverage Revenue - The amount charged for the beverages served to the guest. It is generally reported by the outlet and would include anything sold at that location. For example: Poolside Bar. If you sell the guest some popcorn and a beer, the revenue from both items would be shown as income for that outlet. Although, in this example it would be common to have a separate income account for the food and the beverage. The accounts establish for each outlet will vary based on the products sold. Generally the point of sale system would be used to track the sales by the menu items sold. The amount reflect in the income account should be only the portion of the sale for the product. It does not reflect the amount of the sale that was collected for taxes. The amount of the tax for each transaction should be reported separately and posted to a liability accounts on the balance sheet.

Allowances include rebates, refunds, and overcharges of revenue not known at the time of sale but adjusted at a later date.

Merchandise/Retail

Most attractions have outlets and/or carts that sell primarily merchandise. Merchandise Revenue includes revenue derived from souvenirs, t-shirts, hats, jewelry and etc. Merchandise revenue may be classified by outlet or the type of operation from which it is realized, such as carts, shop and others. Revenue may also be classified by type of merchandise, such as glassware, hats, jewelry, t-shirts, books, games and others. This line also includes revenue derived from other sources such as sales of snacks, beverages, and candy sold in the various retail facilities . If the outlets sells a t-shirt and water. The income for both would be reflected in the income for the location. When admission and a retail item are sold at an inclusive price, admission revenue and merchandise revenue should be separated and care should be taken to ensure that appropriate departments receive equitable revenue.

Merchandise/Retail Revenue - The amount charged for the merchandise purchased. It is generally reported by the outlet and would include anything sold at that location. For example: WW Swim Shop, if you sell the guest a t-shirt and a candy bar, the revenue from both items would be shown as income for that outlet. Although, in this example it would be common to have a separate income account for the merchandise and the snack. The accounts establish for each outlet will vary based on the products sold. Generally the point of sale system would be used to track the sales by the items sold. The amount reflect in the income account should be only the portion of the sale for the product. It does not reflect the amount of the sale that was collected for taxes. The amount of the tax for each transaction should be reported separately and posted to a liability accounts on the balance sheet.

Allowances include rebates, refunds, and overcharges of revenue not known at the time of sale but adjusted at a later date.

Discounted Sales

Most attraction will mark down their merchandise or offer discounts to guest or employees. How these discounts are tracked will vary by locations but it is important that this information be tracked. Generally the financial statements will reflect the actual amount paid for the items sold, sometime referred to as the net sale. The points of sale systems would be used to track these discounts and used to generate reports for internal use.

Garage and Parking

Garage and Parking Revenue includes revenue derived from parking and storage, merchandise, and other services. Parking and storage includes fees received for parking services rendered. Merchandise includes sales of merchandise such as gas, oil, windshield wipers, and other items. Properties may classify the items appearing under Revenue according to their individual needs and requirements. If, in relation to the total revenue generated by the garage and parking operation, a significant amount of revenue is generated by the sale of an item or by a group of similar items, the item or category of items should be detailed separately.

Allowances include rebates, refunds, and overcharges of revenue not known at the time of sale but adjusted at a later date.

Arcades/Vending

Many attractions have coin or token operated games/machines distributes through out the locations and/or a designated area. Whether the game/machines is owned or part of a revenue sharing agreement, the gross revenue collected should be recorded as income less any tax liability. The income should be tracked by machine/games whether this is handled through the general ledger or another system will depend on the location. Separate tracking by machine is important whether you have just three machines or a hundred.

If it is a revenue-shared item the portion paid to the vendor should be recorded as cost of sales. The same would apply for the cost of any item that is dispensed from the machine whether as a reward or a result of what was paid. If redemption awards are earned from play, the cost of the item given to guest would be expensed under cost of sales.

Concession /Rental Agreements

Many properties wish to offer their guests services, food & beverage and/ or merchandise but do not want to operate and/or may not have the time, resources or expertise to do so. In these cases, such operations will be contracted though rental or concession agreements. The fee collected through these agreements would be recorded as income. The services or products and options will vary by attractions. Some examples might be:

- Booth rentals in a themed area to feature local crafts.
- Cart rentals such as hair weaving/braids or tattoos
- Shop Rental – Franchise rents and operates an outlet with in your facility such as Pizza Hut

- Theater/Show Room – A show rents a theater to perform and it is a separate charge to see
- Camp Ground – You have leased out excess property

Generally these agreements have a term which are related to number of years or the business operation season

Other Income

Other income includes revenue from sources other than the sale of admission, food, beverage, merchandise, parking, arcade and etc. Generally, these are derived from a specific event or occurrence. Some examples might be:

- Meeting Room Rentals
- Park or facility Rental
- Rental of audio/visual equipment.
- Sales of Fixed Assets

Basically any and all income collected from operations of the attraction or facility that can not be classified under another section. The amount and number of expected occurrences will determine whether a separate account should be set up or recorded under Miscellaneous Income.

5. Cost of sales/goods

This refers to the cost of goods or services that you purchase for resale. The items can either be sold in their original form such as merchandise in a retail shop or used to create the item for sale such as potatoes that are combined with other items and then sold. Generally there is an inventory associated with the products sold. The most common cost of sales accounts are related to retail or food & beverage. These accounts will vary based on the attractions. If you have more than one location within a single operation you should account for each location separately. How you track your cost of sales will be controlled by how much detail you have available and the controls you have in place to know what, where, when and how products are purchased and sold. The following are some commonly seen account in the attraction industry.

Admission

Cost of Sales Admission – The cost of the ticket stock, annual pass stock, maps and supplies used to product the ticket/pass for admission.

Retail/Merchandise

If a monthly inventory is done then:

Cost of Goods Retail/Merchandise - The Cost of Merchandise Sold is calculated by adding the total purchases amount to the value of inventory at the beginning of the period and then subtracting the value of inventory at the end of the period. The total purchases amount is calculated by subtracting trade discounts (but *not* cash discounts) from the purchase price of merchandise and then adding transportation and delivery charges. If individual items or categories of similar items are listed separately under Revenue-Sales of Merchandise, these same items or categories of items should also be listed separately under Cost of Merchandise Sold.

If an inventory is not done monthly then other accounts should be considered.

Cost of Sales – The cost of the specific items sold during the month based on a POS systems or some method or tracking the sales tied to the cost of the item sold.

Allowance for Theft/Breakage – Since you are not doing a physical inventory monthly you will need to reserve for the inventory shortage. This is generally an estimate calculated as a percent of the associated gross revenue. The estimate is generally determined by past experience.

Physical Inventory Adjustment - This would represent the difference between the book inventory and the physical inventory value.

Food

Many attractions have outlets that sale food. The costs should be tracked by item sold and by the location where it was sold

Cost of Food - The Cost of Food includes the cost of food served to guests and the cost of food items furnished for employee meals. Properties usually take a monthly food inventory. The Cost of Food is calculated by adding total food purchases to the value of the inventory at the beginning of the month and then subtracting the value of the inventory at the end of the month. Total food purchases are calculated by subtracting trade discounts (but *not* cash discounts) from the gross invoice price for all food items and then adding charges for transportation, delivery, and storage. If the policy of the attraction permits commissary and steward's sales, they should be credited to the Cost of Food when they are sold, at cost or a nominal mark-up. When the income on such sales is of sufficient importance to warrant it, the amount should be included in Food Revenue, and the cost of such sales charged to Cost of Food.

Cost of Employee Meals - Properties should calculate the Cost of Employee Meals either by an exact cost system, or, in cases where such a system is unwarranted, by a fixed price per meal. Regardless of the method used, the cost of furnishing meals for employees of the various departments within the property should be charged to those departments. These charges appear as an expense on appropriate departmental schedules under Payroll and Related Expenses-Employee Benefits.

Food Transfers to Beverage - Properties may transfer various food items to beverage department locations such as bars and lounges. These items typically fall into one of two groupings. The first group includes products used in drink preparation, such as oranges, lemons, olives, and celery. These items are charged to Cost of Beverage for the beverage department as a Food Transfer. The second group of items transferred to beverage outlets includes snack foods, such as peanuts, pretzels, and popcorn, or other foods prepared in-house and sent to the beverage outlet for use on a complimentary basis as appetizers or hors d' oeuvres, typically during a happy hour. These items are charged to Other Expense-Gratis Food for the beverage department.

Beverage Transfers to Food - Wine, brandy, and other alcoholic beverages are frequently used to flavor sauces, soups, and many entrees. They are also used to flame dishes in tableside cookery. Alcoholic beverages used for these purposes are included in calculating the Net Cost of Food as a transfer from beverage.

Other Cost of Sales - This cost of sales item includes the costs associated with the sale of miscellaneous merchandise reported as revenue. Examples include the cost of candy and cigarettes.

Beverage

Many attractions have multiple locations which sell beverages either by themselves or in conjunction with food or retail items. The cost should be track by item and locations

Cost of Beverage - The Cost of Beverage includes the cost of wines, liquors, beers and ales, and other items such as mineral waters, fruits, syrups, sugar, and bitters that are served as beverages or used in the preparation of mixed drinks. Properties usually take a monthly beverage inventory. The Cost of Beverage is calculated by adding total beverage purchases to the value of the inventory at the beginning of the month and by subtracting trade discounts (but *not* cash discounts) from the gross invoice price for all beverage items and then adding import duties; charges for transportation, delivery, and storage; and taxes based on the quantity and alcoholic content of beverage items purchased or consumed. Deposit refunds and sales of empty bottles, barrels, or other items previously charged as a cost should be credited to Cost of Beverage.

Beverage Transfers to Food - Wine, brandy, and other alcoholic beverages are frequently used to flavor sauces, soups, and many entrees. They are also used to flame dishes in tableside cookery. The cost of beverages used for these purposes should be subtracted from the Cost of Beverage and added to the Cost of Food

Transfers to Beverage - Properties may transfer various food products to bar outlets for use in drink preparation, such as oranges, lemons, olives, and celery. These items should be included in calculating the Net Cost of Beverage.

Other Cost of Sales - This cost of sales item includes the costs associated with the sale of merchandise reported as revenue. Examples include the cost of snacks and cigarettes.

Arcades

Cost of redemption items- Properties usually take a monthly inventory of redemption merchandise. The Cost of Merchandise is calculated by adding total merchandise purchases to the value of inventory at the beginning of the month and then subtracting the value of inventory at the end of the month. Total merchandise purchases is calculated by subtracting trade discounts (but *not* cash discounts) from the purchase price of the merchandise and then adding transportation and delivery charges. If separate categories were used to identify significant Revenue items, these same categories should be used to list the related Cost of Merchandise Sold.

Cost the lease or rental of Arcade - If the arcade machines are on a revenue split or a lease the cost should be charged to this account. If it is a revenue split the gross sale is recorded in Revenue and the portion to be paid to the vendor would be charged in this account. If it is a lease the lease payment would be charged to this line item.

Cost of tickets/tokens/debit card – the cost associated with the tickets given, the tokens used or the card stock would be charged to this account.

Franchise Fee

If the attraction or outlets(s) in side the attraction are a franchise and there is a fee required in order to operate such then the cost of the franchise fee should be reflected as a cost of sale item. Example would be if you have a Pizza Hut then the franchise fee should be reflected in the cost of goods section for that outlet.

6. Operating Expenses

Operating expenses generally are function and/or department driven. The importance of the information and the detail required will depend on the type of attraction, the size of the attraction, the profit centers, the number of locations, and the internal structure of the organization and etc. Each function/departments will have accounts that are unique to that area and their will be accounts that are needed in each function/department. An example other than salaries and benefits might be contract services. Each area may have contract services of some type but the actual services provided are different and represent significant dollars so is it important isolate which function/department is incurring the expenses. Accounts set up for operation will be as diverse as our industry. There is no right or wrong number of accounts. It is important to ask "What do I need to know in order to track, control and monitor the operating expenses in a timely and efficient manner? Again, the actual accounts used will vary based on needs and structure of an organization. Examples of items that might be used are as follows:

Admission

Cable/Satellite Television: Cable/Satellite Television includes the cost of providing cable and satellite video services to monitor weather and traffic conditions or play in-park activities.

Commissions: Commissions includes remuneration paid to authorized agents for securing business for the attraction, such as travel agents' commissions or referral rebates to cab drivers, concierges, or a service.

Complimentary Guest Services: Complimentary Guest Services includes the cost of providing food and beverages to guests on a complimentary basis, such as free hot dog with a child admission, or water and fans on hot days. Or a gift if they complete a survey.

Contract Services: Contract Services includes any expenses associated with an activity that is normally charged to the department, but is now outsourced. Examples include the cost of contracting outside companies to wash windows, clean carpet and rugs, and exterminate and disinfect areas associated with the ticketing /turnstile area. The costs of maintaining the POS ticketing/turnstile system are also included in Contract Services.

Operating Supplies:. Operating Supplies includes the cost of office supplies, cleaning supplies, printing and stationery, and similar operating expenses applicable to the function/department.

Office/Computer Supplies includes the cost of adding machine tape, pens, paperclips, staples and etc.

Cleaning Supplies: Cleaning Supplies includes the cost of cleaning supplies.

Printing and Stationery: The cost of printed forms, service manuals, stationery, and office supplies, whether purchased from outside printers or produced internally, should be charged to this account when used by employees of this area or given to guests such a flyers etc.

Telecommunications: Any telecommunications expenditures that can be directly related to this area should be charged to this account such as radios, cell phones, etc.

Training: Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Uniforms: Uniforms include the cost or rental of uniforms for employees. This expense item also includes costs of cleaning or repairing uniforms returned by employees.

Food

China, Glassware, Silver, and Linen: This accounts includes the cost of the china, glassware, silver and linen used in providing food service to the guest. Also charges to this account would the cost of rental for linen or equipment need to serve or prepare the food.

Contract Services: Contract Services includes any expenses associated with an activity that is normally charged to the department, but is now outsourced. Examples include the cost of contracting outside companies to wash windows, degrease hoods, clean carpet and rugs, and exterminate and disinfect areas associated with the ticketing /turnstile area. The costs of maintaining the POS system are also included in Contract Services.

Laundry and Dry Cleaning: Laundry and Dry Cleaning includes the cost of contracting outside laundries for laundry and dry cleaning services applicable to the food department. These costs are determined from bills and invoices sent from outside laundries. Laundry and Dry Cleaning also includes the costs of dry cleaning curtains and draperies and the costs of washing or cleaning awnings associated with the food department.

Licenses: Licenses include the costs of all federal, state, and municipal licenses for the food facilities of the property, including music licenses.

Miscellaneous Banquet/Group Expenses: Expenses associated with miscellaneous banquet income, such as the rental of audio/visual equipment, should be charged to this line item.

Music and Entertainment: Music and entertainment includes all costs associated with providing entertainment within the property's food facilities.

Operating Supplies: Operating Supplies includes the cost of cleaning supplies, guest supplies, menus, paper supplies, printing and stationery, utensils, and similar operating expenses applicable to the food department. If the cost of any of these items is significant, items and amounts should be listed separately from Operating Supplies.

Cleaning Supplies: This item includes the costs associated with keeping food areas and equipment clean and sanitary.

Guest Supplies: This item includes the cost of supplies and amenities that are provided on a gratis basis to guests of the property's food outlets.

Menus: This item includes the costs associated with producing menus such as the cost of artwork, printing, and menu covers.

Paper Supplies: This item includes the costs of paper supplies used by the food department.

Printing and Stationery: The cost of printed forms, service manuals, stationery, and office supplies that are purchased from outside printers or produced internally should be charged to this account when they are used by employees of the food department.

Utensils: This item includes the cost of all tools needed in the process of food preparation, such as butcher knives, spatulas, and whisks.

Telecommunications: Any telecommunication expenditures that can be directly related to the food department should be charged to this account.

Training: Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Uniforms: Uniforms include the cost or rental of uniforms for employees of the food department. This item also includes costs of cleaning or repairing uniforms of food department employees.

Beverage

China, Glassware, Silver, and Linen. China, Glassware, Silver, and Linen include the cost of the china, glassware, silver, or linen used in providing beverage service to the guests. Also included is the cost of rental linen services used by the beverage department.

Contract Services. Contract Services includes any expenses associated with an activity that is normally charged to the department, but is now outsourced. Examples include the cost of contracting outside companies to wash windows, clean carpets and rugs, and exterminate and disinfect areas of the beverage department. Contract Services also includes the cost of maintaining the point-of-sale and beverage dispensing systems.

Gratis Food. Properties may offer snack foods, such as peanuts, pretzels, and popcorn or other foods prepared in-house on a complimentary basis as appetizers *or* hors d' oeuvres in beverage outlets, typically during a happy hour. The cost of these items is charged *to* the Gratis Food line.

Laundry and Dry Cleaning. Laundry and Dry Cleaning includes the cost of contracting outside laundries for laundry and dry cleaning services applicable to the beverage department. These costs are determined from bills and invoices sent from outside laundries. Laundry and Dry Cleaning also includes the costs of dry cleaning curtains and draperies and the costs of washing or cleaning awnings associated with the beverage department.

Licenses. Licenses include the costs of all federal, state, and municipal licenses for the beverage facilities of the property, including music licenses.

Music and Entertainment. Music and Entertainment includes all costs associated with providing entertainment within the property's beverage facilities.

Operating Supplies. Operating Supplies includes the cost of cleaning supplies, guest supplies, menus, paper supplies, printing and stationery, and similar operating expenses applicable *to* the beverage department. If the cost of any of these items is significant, items and amounts should be listed separately from Operating Supplies.

Cleaning Supplies. This item includes the costs associated with keeping beverage areas and equipment clean and sanitary.

Guest Supplies. This item includes the cost of supplies and amenities that *are* provided on a gratis basis *to* guests of the property's beverage outlets.

Menus. This item includes the costs associated with producing menus such as the cost of artwork, printing, and menu covers.

Paper Supplies. This item includes the costs of paper supplies used by the beverage department.

Printing and Stationery. The cost of printed forms, service manuals, stationery and office supplies that *are* purchased from outside printers or produced internally should 'be charged *to* this account when they *are* used by employees of the beverage department.

Telecommunications. Any telecommunication expenditures that can be directly related *to* the beverage department should be charged *to* this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Uniforms. Uniforms include the cost or rental of uniforms for employees of the beverage department. This item also includes costs of cleaning or repairing uniforms returned by employees.

Horticulture/Landscape/Grounds

Contract Services. Contract Services includes any expenses associated with an activity that is normally charged to the department, but is now outsourced. Examples include the cost of the property maintenance and service contracts related to maintenance of the grounds.

Fertilizers, Insecticides, and Topsoil. The cost of these items should be charged to this account.

Gasoline and Lubricants. The cost of gasoline and lubricants for mowers, tractors and trucks used on the property should be charged to this item.

Repairs and Maintenance-General. All costs incurred in keeping facilities such as buildings, fences, bridges, roads, and sidewalks in proper physical condition should be charged to this account.

Repairs and Maintenance-Irrigation. The cost of repairing water and drainage systems, sprinklers, water controllers, and computerized water systems should be charged to this account.

Repairs and Maintenance-Machinery and Equipment. The cost of repairing equipment such as mowers, tractors, trucks, and water and drainage systems should be charged to this account.

Refuse Removal. Refuse Removal includes all costs associated with removing refuse from the grounds.

Sand and Top Dressing. The cost of sand and top dressing used on the property should be charged to this account.

Seeds, Flowers, and Shrubs. The cost of seeds, flowers, and shrubs used on the property should be charged to this account.

Telecommunications. Any telecommunications expenditures that can be directly related to grounds maintenance should be charged to this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Uniforms. Uniforms includes the cost or rental of uniforms for employees whose salaries and wages are charged to this department This item also includes the costs of cleaning or repairing uniforms for these employees, as well as other related costs.

Water. The cost of water and irrigation used on the property should be charged to this account.

Human Resources

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department, but is now outsourced. Examples include temporary staff contracts and service contracts related to the human resources department.

Dues and Subscriptions. This account should be charged with the cost of memberships, subscriptions to newspapers and magazines, and books for use by employees in the human resources department.

Employee Housing. This account should be charged with the cost of providing housing, both temporary and permanent, for employees.

Employee Relations. Employee Relations includes all expenses associated with the cost of house media, social and sports activities, employee awards, and other such events and activities intended to improve employee relations and morale.

Medical Expenses. Physicians' fees and medical supplies should be charged to this account. Included in this line item should cost associated with drug testing and etc

Operating Supplies and Equipment. The cost of general office supplies and minor equipment such as adding machines, calculators, electric staplers, pencil sharpeners, and other similar equipment and related supplies, excluding equipment rental and capital items, should be charged to this account when used by, or purchased for, the human resources department.

Printing and Stationery. The cost of printed forms, personnel manuals, and other printed materials, whether purchased from outside printing concerns or produced internally, should be charged to this account.

Recruitment. The cost of recruiting employees, including help wanted advertising, recruitment/placement fees, and expense reimbursement to candidates, should be charged to this account.

Relocation. This account should be charged with the cost of relocating employees. Examples of costs include transportation, moving and storage of household goods, temporary living expenses, real estate commissions, duplicate living expenses, mortgage differential payments, tax equalization payments, and similar items.

Telecommunications. Any telecommunications expenditures that can be directly related to the human resources department should be charged to this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Transportation. Transportation should be charged with the cost of providing employee transportation.

Information Systems/Data Processing

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department, but is now outsourced. Examples include computer equipment maintenance contracts and other service contracts related to the information systems department.

Equipment Maintenance. Equipment Maintenance should be charged with any direct maintenance to computer systems, including software and peripheral equipment. Some properties may prefer to charge these costs to a separate repairs and maintenance account in Property Operation and Maintenance, Schedule 21.

Operating Supplies. The cost of office supplies and computer and peripheral supplies such as diskettes, tape cartridges, printer toner cartridges, keyboards, surge suppressors, screen protectors, mice, tape drives, and other similar related supplies, excluding equipment rental and capital items, should be charged to this account when used by, or purchased for, information systems department employees. Similar items purchased for use by other departments or employees should be charged to their respective departments.

Printing and Stationery. The cost of printed forms, books, service manuals, stationery, and other printed materials, whether purchased from outside printing concerns or produced internally, should be charged to this account.

Software-Commercial Applications. The cost of "off-the-shelf" software applications purchased for use by information systems department employees should be charged to this account. "Off-the-shelf" software applications purchased for use by other departments or employees should be charged to their respective departments. Software upgrades that are not capitalized should also be charged to this account.

Telecommunications. Any telecommunications expenditures that can be directly related to the information systems department should be charged to this account

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Transportation/Fleet Services

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department, but is now outsourced. Examples include limousine services and fleet detailing services.

Fuel and Oil. This item includes the cost of fuel and oil directly used by vehicles owned or leased by the property.

Insurance. This item includes the cost of insurance on vehicles owned or leased by the property.

Operating Supplies. This item includes the cost of various supplies used in the transportation department.

Repairs and Maintenance. This item includes the cost of supplies, materials, and services associated with the repair and maintenance of vehicles owned or leased by the property.

Telecommunications. Any telecommunications expense that can be directly related to the transportation department should be charged to this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Uniforms. Uniforms include the cost or rental of uniforms for employees of the transportation department. This expense item also includes costs of cleaning or repairing uniforms of transportation department employees.

Property Repair and Maintenance

Building Supplies. This line item includes any cost of material and contracts related to repairing and maintaining the building, both interior and exterior.

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department, but is now outsourced. Examples include the equipment maintenance contracts and other service contracts related to this department.

Window treatments. This line item should be charged with the cost of materials and contracts related to repairing curtains, blinds, awnings and etc

Electrical and Mechanical Equipment. This line item should be charged with the cost of materials and contracts related to repairing and maintaining general equipment not specifically identified elsewhere. Maintenance contracts for specialized equipment such as telecommunications and data processing systems should be charged directly to the appropriate department.

Elevators. This line item should be charged with the cost of materials and contracts related to repairing and maintaining elevators.

Engineering Supplies. This line item should be charged with the maintenance and chemical supplies used in the property operation and maintenance department.

Floor Covering. This line item should be charged with the cost of materials and contracts related to repairing floor covering for outlets, restrooms, offices, corridors, dining rooms, public rooms and etc

Furniture. This line item should be charged with the cost of contracts and materials and supplies such as textiles, fibers, lumber, metal parts, and glass related to the repair of furniture, including beds, tables, dressers, chairs, and other articles of similar nature.

Grounds and Landscaping. The cost of supplies and contracts related to the maintenance of grounds should be charged to this account, if a separate department is not used.

Heating, Ventilating, and Air Conditioning Equipment. This line item should be charged with the cost of materials and contracts related to repairing and maintaining all heating, ventilating, and air conditioning equipment.

Kitchen Equipment. This line item should be charged with the cost of materials and contracts related to repairing and maintaining kitchen equipment.

Life/Safety. This line item should be charged with the cost of regulatory inspection fees, certification tests, and materials and contracts to maintain fire control panels, tamper and flow switches, smoke detectors, and pull stations.

Light Bulbs. This line item should be charged with the cost of replacement light bulbs.

Locks and Keys. This line item should be charged with the cost of materials and contracts to maintain guestroom entry, panic hardware, safe deposit boxes, guestroom safes, etc.

Operating Supplies. The cost of various supplies used in the property operation and maintenance department should be charged to this line item.

Painting and Decorating. This line item should be charged with the cost of materials, supplies, and related contracts.

Removal of Waste Matter. The cost of the removal of rubbish and the expense of operating an incinerator should be charged to this line item.

Fountains/Pools. This line item should be charged with the cost of materials, supplies, and contracts relating to the maintenance and repair of fountains/ pools when a separate department does not exist.

Telecommunications. Any telecommunications expenditures that can be directly related to the property operation and maintenance department should be charged to this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Uniforms. Uniforms include the cost or rental of uniforms for employees of the property operation and maintenance department. This expense item also includes costs of cleaning or repairing uniforms of property operation and maintenance department employees.

Vehicle Maintenance. This account includes the costs of maintaining property vehicles used for purposes other than guest transportation

Utility Costs

Electricity - The cost of electricity purchased from outside producers, including the cost of breakdown service, should be charged to this line item.

Gas - The cost of gas purchased from outside producers, including the cost of break-down service, should be charged to this line item.

Oil - The cost of oil purchased from outside producers, including the cost of breakdown service, should be charged to this line item.

Steam - The cost of steam purchased from outside producers should be charged to this line item.

Water - This account should be charged with the cost of water consumed and should include water specially treated for the circulating ice water system, or purchased for drinking purposes.

Sewer Charges – The cost of sewer usage from outside provider, if property has its own treatment plant, a separate cost center should be set up to track these expenses.

Cogeneration/Desalinization Plant - If the property has a cogeneration or desalinization plant, separate categories for these costs should be established.

Other Fuels - The cost of other fuels (for example, propane, diesel, geothermal) purchased from outside producers, including the cost of breakdown service, should be charged to this line item.

Rent

If the attraction has leased buildings, equipment, computers and etc which are not reflected under another function/department these cost should be classified under a rent section

Land and Buildings - If the property is leased under an operating lease, this line item should be charged with the amount of the rental of the property.

Information Systems Equipment –Rental of information systems and related hardware should be charged to this line item.

Telecommunications Equipment - This line item should be charged with the rental of telecommunications equipment.

Other Property and Equipment - Other rentals include rental of any other major items (for example, vehicles) which, had they not been rented, would be purchased and capitalized as property and equipment. Rental of miscellaneous equipment (copiers, projectors, and sound equipment) for a specific function, such as a banquet or similar function, should be charged to the appropriate department and is not to be considered rental expense chargeable to this line item.

Property Taxes

Real Estate Taxes This account should be charged with all taxes assessed against the real property of the property by a state or political subdivision of the state, such as a county or city. Assessments for public improvements are not to be included in this line item as they are generally capitalized as property and equipment.

Personal Property Taxes -Taxes on furnishings, fixtures, and equipment should be charged to this line item. Business and

Transient Occupation Taxes - Taxes such as gross receipts tax on sale of admission, retail, food, and beverage that cannot be passed along to customers should be charged to this line item.

Utility Taxes - Taxes assessed by utilities, such as sewer taxes, should be charged to this line item. Normal charges for refuse removal and utility services should be charged to the appropriate. Utility taxes related to the revenue generated from the resale of telecommunication services should be charged to the telecommunications department.

Other - Any taxes other than income and payroll taxes should be charged to this line item and separately identified if material.

Insurance

Building and Contents - The cost of insuring the property's building and contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, or any other cause should be charged to this account.

Liability - General insurance costs, including premiums relating to liability, fidelity, and theft coverage, should be charged to this account. Payroll related insurance (workers' compensation) is included in Employee Benefits in the appropriate departmental schedule to which the associated payroll is charged.

Flood/Wind/ Hurricane Insurance – Cost of the premiums for coverage associated with loss from wind, flood or hurricanes would be expensed to this line item

Business Interruption Insurance – Premiums for Specialty policies to cover the attraction for catastrophic occurrence would be charged to this account

Other Insurance – Premiums for policies to cover other claims against property or owner's would be expensed under this line item if not material. Other policies might be terrorist coverage, harassment/benefit/EEOC coverage and etc.

7. Salaries/Wages/Benefits/Taxes

Salaries and Wages

Salaries and Wages includes regular pay, overtime pay, vacation pay, sick pay, holiday pay, incentive pay, severance pay, and bonuses for employees of the attraction. This line item should also include any expense associated with leased labor, but not contract labor, which should be charged to Contract Services. If leased labor expense is significant, a separate line item called Leased Labor should be created and listed immediately after Salaries and Wages. The number and types of classification for employees will be different for each location depending on how you track the expenses and other required reports. The enhanced human resources and payroll software provide tools to track in more detail the various salary/wage options such as vacation, sick and holiday pay. Generally at a minimum salaries and wages have the following sub-accounts in the general ledger.

Regular Pay- this would be primarily the wages paid that is associated with the hours worked/earned times a set rate for non-exempt employees or the salary established for the exempt employee

Overtime Pay – the additional portion paid over the base hourly rate for non-exempt employees for working extra hours per the established overtime policy. Although the federal government has some basic rules companies may select from options and/or establish their own as long as they comply with the federal or union laws. If overtime is paid at time and half for hours worked over forty in a establish week, it is the half time associated with the pay that would be recorded in this account. Sometimes it is referred to as the premium pay

Incentive/bonus Pay – additional money earned per established incentive/bonus programs. It is over and above the base hourly or salary pay. It is subject to the rules and guidelines outlined in a formal plan or specials programs offered for a limited time and/or can be undefined.

Payroll Taxes and Employees Benefits

Payroll Taxes and Employee Benefits - the expense accounts will vary according to the needs and requirements of individual properties and any local, state and federal laws. Some commonly used accounts are as follows:

Payroll Taxes

Federal Retirement (FICA). This account is to be charged with taxes imposed on employers by Subchapter B,Chapter 21, of the Internal Revenue Code.

Federal Unemployment (FUTA) This account is to be charged with taxes imposed by Chapter 23 of the Internal Revenue Code.

Medicare (FICA) This account is to be charged with taxes imposed on employers by Subchapter B, Chapter 21, of the Internal Revenue Code.

State Disability. This account is to be charged with contributions by employers to state agencies for disabilities purposes.

State Unemployment (SUTA) This account is to be charged with contributions by employers to unemployment funds required by state unemployment compensation laws.

Employee Benefits

Auto Allowance - Cost of providing payment to employees for company-owned vehicles and flat allowances for use of autos.

Child Care -Cost of providing contracted care or in-hoW3e facilities for employees' children. Contributory Savings Plan

401(k) Plan - Cost of employer's portion of programs with matching amounts and administrative costs.

Dental Insurance - Employer cost of dental insurance for employees less amounts reimbursed.

Disability Pay - Cost of providing disability pay to employees.

Group Life Insurance - Cost of group life insurance on employees.

Health Insurance - Employer cost of health insurance for employees.

Meals - Employer cost of providing meals to employees.

Nonunion Insurance - Cost of life, health, accident, hospitalization, and other insurance for employees not participating in a union fund.

Nonunion Pension - Costs associated with nonunion pension plans.

Profit Sharing - The cost of the employer's contribution to profit sharing plans.

Stock Benefits - Cost of providing employees with company stock.

Tuition Reimbursement - Reimbursements or payments made for seminars or classes taken by the employee

Union Insurance - Costs associated with union employees' benefit funds for insurance on life, health, accident, hospitalization, and other purposes.

Union Pension -Costs associated with union employees' pension benefit funds

Workers' Compensation Insurance - Cost of insurance for employee state compensation plans.

Other - Cost of providing employees with other benefits not included under other captions (i.e., day timers {organizers}, organization dues, employee award and incentive parties, etc.)

8. Sales and Marketing

This group of accounts should be charged with costs incurred in connection with the creation and maintenance of the image of the attraction and the development, promotion, and furthering of new business. These accounts will vary according to the needs and requirements of your location but the follows represents an example of commonly used accounts.

Sales Expenses

Complimentary Guests. This account is charged with the cost of providing guests with complimentary services that arise from selling and promotional activities.

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department, but is now outsourced. Examples include equipment maintenance and other service contracts related to selling activities of the marketing department.

Dues and Subscriptions. This account includes the cost of memberships, subscriptions to newspapers and magazines, and books for use by employees in the marketing department.

Meals and Entertainment. This item includes the reimbursable portion of any meal and entertainment expenses incurred by marketing employees as part of their selling and promotional activities.

Printing and Stationery. The cost of sales manuals, printed forms, stationery, and office supplies, whether purchased from outside printing concerns or produced internally, should be charged to this account.

Postage. This account includes the cost of postage and shipping attributable to selling activities.

Trade Shows. This line item includes the cost of promoting the property at various trade shows, including travel and subsistence of attending representatives, cost of the booth, promotional logo items, and rental of exhibition space.

Telecommunications. Any telecommunications expense that can be directly related to selling activities should be charged to this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Travel. This account includes the cost of transportation and reimbursable expenses of employees and officers engaged in sales promotion and the cost of entertaining for the purpose of promoting business.

Other. Expenses of the marketing department related to selling that do not apply to line items discussed previously are included in this line item.

Advertising & Marketing Expenses

Collateral Material. This line item includes the cost of brochures, salespersons' kits, maps, floor plans, and similar materials used to describe the attraction services.

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department, but is now outsourced. Examples include equipment maintenance contracts and other service contracts related to advertising and merchandising activities of the marketing department.

Distribution Service – Cost for the service to distribute your brochures, cards and etc and insure that locations are stocked

Direct Mail. This line item includes the cost of mailing lists, letter writing, postage, addressing envelopes or cards, and other work of this nature completed by outside concerns.

Annual Pass Programs. Any costs associated with programs designed to build guest loyalty to the attraction or brand should be charged to this account. Costs associated with cooperative programs, such as programs, could also be charged to this account.

In-House Graphics. This line item includes the cost of directories, signs, brochures, and other costs associated with merchandising the services of the attraction. Computer software programs and applications purchased to produce these items in-house should be charged to this account.

Media. The cost of advertising on radio and television, including production costs, as well as advertising in newspapers, magazines, and directories should be charged to this account.

Outdoor. The cost of posters, painted billboards, reader boards, and other signs, including rental costs and service charges, should be charged to this account.

Point-of-Sale Material. The cost of menu flyers and inserts, tent cards, coasters and similar devices used to stimulate sales should be charged to this account.

Special Promotional Vouchers. This account includes any expenses, at the location's cost, associated with vouchers issued to guests or vendors for services rendered by the property.

Telecommunications. Any telecommunications expenditures that can be directly related to advertising and merchandising activities should be charged to this account.

Other. Expenses of the marketing department related to advertising and merchandising that do not apply to line items discussed previously are included in this line item.

Fees and Commissions

Agency Fees – This account is charged with fees paid to advertising and/or public relations agencies.

Other - Fees or commissions paid to persons who develop business for the property that are not included under agency fees should be charged to this account.

Other Marketing Expenses

This item includes all marketing expenses not discussed previously, including the following:

Civic and Community Activities. The cost of convention bureau activities, contribution to convention funds, or promotion of civic and community projects should be charged to this account.

Guest History. This account includes the cost of analyzing guest history data.

Outside Services. The cost of analysis prepared by independent research or consulting firms in order to determine demographic characteristics of the property's business are charged to this account.

Photography. This account includes the cost of photographs used in various types of promotional and publicity programs, including the cost of using professional models.

9. General and Administrative Expenses

These expenses are considered applicable to the entire attraction and are not easily allocated to departments or other locations Items appearing may vary from attraction to attraction. Examples of items that commonly appear are as follows:

Bank Charges. Bank charges assessed for miscellaneous banking services and transactions such as overdrafts, stop payments, check charges, and other related items should be charged to this account.

Cash Overages and Shortages. Cashiers' overages and shortages should be recorded in this account.

Communication Systems. Costs related to communication equipment such as telex and facsimile machines, radios, beepers, pagers, and cellular phones purchased for use by property employees, including related supplies and peripheral equipment should be charged to this account.

Contract Services. Contract Services includes any expense associated with an activity that is normally charged to the department but is now outsourced. Examples include the cost of equipment maintenance contracts or other service contracts related specifically to the administrative and general department._

Credit and Collection. This account should be charged with the cost of collecting guest accounts, including attorney's fees and credit and check verification services.

Credit Card Commissions. This account is charged with the amount of commissions paid to credit card organizations. Volume rebate payments received from credit card organizations should also be credited to this account.

Donations. Charitable contributions should be charged to this account.

Dues and Subscriptions. The cost of representation of the property, or of members of the staff when authorized to represent the property, in business or professional organizations should be charged to this account. It also should be charged with the cost of subscriptions to newspapers, magazines, and books for use by the property staff.

Human Resources. This account should include the cost of recruitment and re-location.

Information Systems. The cost of management information system services, supplies, and equipment (excluding equipment rental and capital items) should be charged to this account. This includes minor equipment, software, supplies, peripheral equipment, and maintenance. To the extent practicable, these costs should be charged to the user department.

Internal Audits. This account should include the cost of these audits and preparation of the reports if done by someone other than an employee of the attraction such as parent company or head office.

Losses and Damages. Payments made for guest property lost or damaged in excess of the amounts recovered from insurance companies should be charged to this account, as well as settlement of claims for damages.

Internal Communications. This account should be charged with the cost of duplication, pagers, dictation equipment, facsimile equipment, word processing, electronic mail, or other internal communications systems, including applicable supplies.

Meals and Entertainment. This item includes the reimbursable portion of any meal and entertainment expenses incurred by officers or administrative staff of the attraction

Operating Supplies and Equipment. The cost of general office supplies such as photocopiers, adding, machines, calculators, electric staplers, pencil sharpeners, and other similar equipment and related supplies, excluding equipment rental and capital items, should be charged to this account when used by, or purchased for departments or employees whose salaries or wages are charged to the administrative and general department. If this is significant, separate account should be set up for supplies and equipment

Postage. This account should be charged with the cost of postage, except amounts attributable to marketing.

Printing and Stationery. The cost of printed forms and stationery, whether purchased from outside printing concerns or produced internally, should be charged to this account when used by, or purchased for, departments or employees whose salaries or wages are charged to the administrative and general department.

Professional Fees. The cost of attorneys, public accountants, and professional consultants, including fees, travel, and other reimbursable expenses, should be charged to this account. Some attractions may prefer to establish separate line items for significant professional fees categories (i.e., legal; external audit; consultants).

Provision for Doubtful Accounts. A charge adequate to provide for the probable loss in collection of accounts and notes receivable should be made to this account.

Security. This line item should include the cost of contract security and other related expense if not preformed by an employee. The cost of any outside monitoring service, use of off duty officers, or special severance should be charged to this line item.

Telecommunications. Any telecommunications expenditures that can be directly related to the administrative and general department should be -charged to this account.

Training. Training includes costs other than time associated with training employees. Examples include the costs of training materials, supplies, and instructor fees.

Transportation. This account should include the cost of transportation other than that directly related to guests. If there is a separate Human Resources department, this expense as it relates to employee transportation should be included in that department.

Travel. The cost of travel and reimbursable expenses of officers and employees of the property, traveling on the property's business, should be charged to this account, except that traveling in connection with business promotion should be charged to Marketing.

Other. Any administrative and general expenses that do not apply to line items discussed previously should be included in this line item. If the cost is significant and/or reacquiring a separate account should be considered

10. Other Expenses

Interest Expense

Interest Expense includes all interest expenses incurred on any obligation such as mortgages, notes payable, bonds, debentures, taxes in arrears, or any other indebtedness on which interest is charged. The portion of lease payments under capital leases that represents interest on the outstanding balances of the obligations is also included in this group of accounts. Amortization of Deferred Financing Costs and other costs related to obtaining financing should be charged to this account over the estimated period of the related financing. Interest charges should be grouped into categories that indicate the nature of the principal indebtedness on which interest is incurred. Total Interest Expense is the sum of all these items. Commonly used accounts are as follows

Loan # X - Interest incurred on a loan that the operation may have such as a mortgage, or equipment loan and etc. Generally each loan would have an account number.

Line of Credit – Interest incurred on the balance outstanding or fee for an operation line of credit

Capital Lease – portion of the lease payment that represents the interest on the outstanding balance.

Depreciation and Amortization

Depreciation and amortization is the method of allocating the cost of an individual assets or classes of assets over their anticipated useful life. The portion that is being written off for the specific period would be expensed under this section of you income statement. The accounts will vary based on the type of operations but some common accounts are as follows:

Assets Held Under Capital Leases - Amortization of assets held under capital leases should be charged to this line item.

Buildings - Depreciation on the property's buildings and improvements should be charged to this line item over their estimated useful lives.

Furnishings and Equipment - Depreciation of furnishings and equipment should be charged to this line item over their estimated useful lives. The line item should include depreciation of china, glassware, silver, linen, and uniforms, when such items are not accounted for by the inventory method.

Leaseholds and Leasehold Improvements – The amortization of costs of acquiring leaseholds and leasehold improvements should be charged to this line item over the shorter of their estimated useful lives or their lease terms.

Intangibles - The amortization of intangibles, such as goodwill, should be charged to this line item over the period during which the intangible is expected to benefit the property.

Other – Depreciation and amortization of long-term assets that are not includes in the above categories should be charged to this line item.

Income Tax

All taxes that are assessed on the basis of the income earned by the property should be charged to these accounts. When there are differences between income reported for financial statement purposes and income reported for income tax purposes, the amount of income tax currently payable and the amount that has been deferred should be shown separately. Items that give rise to deferred income taxes include, but are not limited to the difference in tax and book depreciation and items capitalized as property and equipment on the books but treated as an expense for tax purposes. Separate accounts are set up for state and federal taxes. Common Accounts would be:

Federal Income Tax – Federal taxes that are assessed on the basis of income earned. Rate used monthly to calculate generally is a rate that has been estimated from previous year results or a budget.

State Income Tax – State taxes that are assessed on the basis of income. This is NOT an account used for sales and use taxes. If sate taxes are due for several states a separate account would be established to track these expenses.

Foreign Taxes – Taxes, if applicable for business operations outside of county.

11. Ratio Analysis and Statistics

The use of ratios and statistics as a basis of comparison, measurement, and communication is prevalent within the attraction/entertainment 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 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.

A. Ratio Analysis

Financial statements issued 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 attraction'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.

Although ratios are critical to any financial analysis, they are only indicators and, as indicators, they are meaningful only when compared to useful criteria. Useful criteria with which to compare the results of ratio analysis include:

- The corresponding ratio calculated for a prior period;
- Other like attractions and industry averages;
- Planned ratio goals.

Users of ratio analysis must be careful when comparing two different properties, because the accounting procedures used by the properties may differ and their ratios may not be comparable. Ratio analysis can be extremely useful to owners, creditors, and managers in evaluating the financial condition and operation of an attraction. 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.

A.1 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 attraction will be able to meet its short-term obligations. Management is caught in the middle, trying 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. The current ratio can be calculated as follows:

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

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. 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. The acid-test ratio can be calculated as follows:

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

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

Accounts Receivable Turnover

Accounts receivable can be the largest current asset of an attraction because credit is often extended to groups, off-site ticket sales and etc. Therefore, any examination of a attraction'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. The accounts receivable turnover can be calculated as follows:

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

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. The average collection period can be calculated as follows:

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

A.2 Solvency Ratios

Solvency ratios measure the degree of debt financing used by the attraction. 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 attraction's ability to meet its long-term obligations.

Solvency Ratio

An attraction operation is solvent when its assets are greater than its liabilities, The solvency ratio compares total assets to total liabilities. The solvency ratio can be calculated as follows:

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

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. The debt-equity ratio can be calculated as follows;

$$Debt\ Equity\ Ratio = \frac{Total\ Liabilities}{Total\ Owner's\ Equity}$$

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

Number of Times Interest Earned

This ratio expresses the number of times interest expense can be covered. The greater the number of times interest is earned, the greater the safety afforded creditors. The number of times interest earned ratio can be calculated as follows:

$$Number\ of\ Times\ Interest\ Earned\ Ratio = \frac{Income\ Before\ Income\ Taxes + Interest\ Expense}{Interest\ Expense}$$

Properties that obtain the use of property and equipment through leases may find the fixed charge coverage ratio to be more useful than the number of times interest earned ratio.

Fixed Charge Coverage Ratio

This ratio is a variation of the number of times interest earned ratio and is useful for those properties that have long-term leases which require periodic payments similar to interest expense. Lease expense is added to both the numerator and denominator of the number of times interest earned ratio. The fixed charge coverage ratio can be calculated as follows:

$$Fixed\ Charge\ Coverage\ Ratio = \frac{Income\ Before\ Income\ Taxes + Interest\ Expense + Lease\ Expense}{Interest\ Expense + Lease\ Expense}$$

A.3 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 attraction.

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. The food inventory turnover can be calculated as follows:

$$\textit{Food Inventory Turnover} = \frac{\textit{Cost of Food Used}}{\textit{Average Inventory}}$$

Fixed Assets Turnover

This ratio measures management's effectiveness in using the property's fixed assets. A high turnover suggests that the attraction's fixed assets are being used effectively to generate revenue; a low turnover suggests that the attraction is not making effective use of its fixed assets. The fixed assets turnover is calculated by dividing average total fixed assets into total revenue for the period. To calculate the fixed assets turnover it is first necessary to determine the average total fixed assets. This is accomplished by totaling fixed assets at the beginning and end of the period and then dividing that figure by two. The fixed assets turnover can be calculated as follows:

$$\textit{Fixed Assets Turnover} = \frac{\textit{Total Revenue}}{\textit{Average Total Fixed Assets}}$$

A.4 Profitability Ratios

Profitability ratios reflect the overall effectiveness of management in producing the bottom line figure expected by owners and creditors. Owners invest in attractions in order to increase their wealth through dividends and through increases in the price of the attraction's capital stock. Dividends and stock prices are highly dependent upon the 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.

Profit Margin Ratio

This ratio measures management's overall ability to produce profits by generating sales and controlling expenses. The profit margin ratio is calculated by dividing net income by total revenue. The net income figure represents income after *all* expenses have been deducted-expenses controllable by management and expenses directly related to decisions made by the property's owners. The profit margin ratio can be calculated as follows:

$$\textit{Profit Margin Ratio} = \frac{\textit{Net Income}}{\textit{Total Revenue}}$$

Return on Owners' Equity Ratio

This ratio measures the profitability of the attraction by comparing the profits of the attraction to the owners' investment. The return on owners' equity ratio is calculated by dividing net income by average owners' equity. To calculate this ratio it is first necessary to determine the average owners' equity for the period. This is accomplished by totaling owners' equity at the beginning and end of the period and then dividing that figure by two. The return on owners' equity ratio can be calculated as follows:

$$Return\ on\ Owner's\ Equity\ Ratio = \frac{Net\ Income}{Average\ Owner's\ Equity}$$

Return on Assets Ratio

This ratio is a general indicator of the profitability of the operation and is calculated by dividing income by the average total assets. Income is usually defined as earnings before interest but after taxes. To calculate the return on assets ratio it is first necessary to determine the average total assets. This is accomplished by totaling assets at the beginning and end of the period and then dividing that figure by two. The return on assets ratio can be calculated as follows:

$$Return\ on\ Assets\ Ratio = \frac{Net\ Income\ plus\ Interest}{Average\ Total\ Assets}$$

Return on Fixed Assets Ratio

This ratio measures the profitability of an attraction by comparing net income to average total fixed assets. The return on fixed assets ratio is calculated by dividing net income by the average total fixed assets. To calculate the return on fixed assets ratio it is first necessary to determine the average total fixed assets. This is accomplished by totaling fixed assets at the beginning and end of the period and then dividing that figure by two. The return on fixed assets ratio can be calculated as follows:

$$Return\ on\ Fixed\ Assets\ Ratio = \frac{Net\ Income}{Average\ Total\ Fixed\ Assets}$$

EBITDA

EBITDA (**E**arnings **B**efore **I**nterest **D**epreciation and **A**mortisation) is income before interest and taxes and depreciation and amortization have been subtracted. It is an indicator of a company's profitability that is watched by investors. To get an indication of the enterprise value of a company the EBITDA is multiplied by a certain number.

EBITDA percentage

This ratio expresses EBITDA as a percentage of total revenue

$$EBITDA\ \% = \frac{EBITDA}{Total\ Revenue}$$

A.5 Operating Ratios

Operating ratios assist management in analyzing the operations of the attraction. These ratios relate expenses to revenue and are useful for control purposes when the ratio results are compared to budgeted or planned ratio goals. Significant variations between actual ratio results and budgeted or planned goals may indicate the need for further analysis and corrective action by management.

Average Per Cap

Although prices may vary within a property, most managers calculate a per cap. The per cap reveals the average dollars spent per guest and is calculated by dividing total revenue by the number of paid guests. Paid guests mean that they paid to enter the park that day. It generally does not include complimentary admission or annual pass return guest. Some locations will calculate the average per cap by using the total revenue and total attendance. The total attendance includes a guest that walks through the turnstile Both provide useful information and an attraction may calculate both The same formula applies it only changes the number used for guests. The average per cap can be calculated as follows:

$$\text{Average per Cap} = \frac{\text{Total Revenue}}{\text{Number of Paid Guests}}$$

This ratios is also used to calculate per caps by outlets, by product sold, by market segments and etc. In these cases it is the revenue used that would change.

Admission Ticket Yield

The admission ticket yield is calculated by dividing the average ticket price (i.e. total ticket revenue divided by number of visitors) by the main gate official ticket price. The yield will be less than 100mù because of season passes, complimentary tickets, and discounting.:

$$\text{Admission Ticket Yield} = \frac{\text{Average Ticket price}}{\text{Official Maingate Ticket Price}}$$

Average Food/Beverage per Cap

This operating ratio reveals the average food/beverage revenue per cap and is calculated by dividing total food/beverage revenue by total attendance. The average food/beverage per Cap can be calculated as follows:

$$\text{Average Food/Beverage Check} = \frac{\text{Total Food/Beverage Revenue}}{\text{Total Attendance}}$$

Food/Beverage Cost Percentage

This operating ratio compares the cost of food/beverage sales to food revenue. Many food or beverage service managers rely heavily on this ratio in determining whether food or beverage costs are reasonable. The food/beverage cost percentage can be calculated as follows:

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

Labor Cost Percentage

The largest expense for most attraction is labor. Labor expense includes total payroll and related expenses for all departments and operational areas of the attraction. A general labor cost percentage is calculated by dividing total payroll and related expenses by total revenue. This general labor cost percentage is simply benchmark for making broad comparisons. For control purposes, labor cost percentages should be calculated and analyzed for each department and operational area of the property. The labor cost percentage can be calculated as follows:

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

Average Retail Sale

This operating ratio reveals the amount of the average retail sale per transaction and is calculated by dividing total retail revenue by the number of transactions. Transaction refers to the number of individual sales made during the period. The average retail sales can be calculated as follows:

$$\text{Average Retail Sales} = \frac{\text{Total Retail Revenue}}{\text{Number of Transactions}}$$

Retail Cost Percentage

This operating ratio compares the cost of retail sales to retail revenue. Many retail managers rely heavily on this ratio in determining whether retail costs are reasonable. The retail cost percentage can be calculated as follows:

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

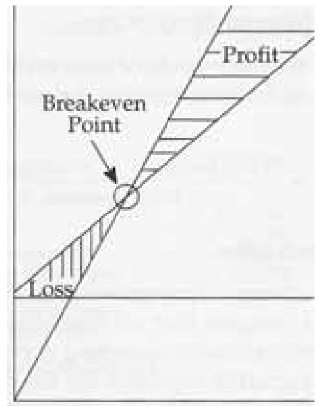
Expense Cost Percentage

This operating ratios compares the cost of a specific expense to the total revenue. Many operators use these ratios to determine whether their expenses are reasonable based on past trends and or industry standards. The expense cost percentage can be calculated as follows:

$$\text{Expense Cost Percentage} = \frac{\text{Specific Expense Cost}}{\text{Total Revenue}}$$

B. Breakeven Analysis

The breakeven point of an attraction or outlet is the level of revenue at which the attraction or outlet's total revenue equals total costs. Although most attractions desire to do much better than just break even financially, breakeven analysis serves as a reference point for managers planning operations for the period. The breakeven point can be illustrated by the following graph:



The graph shows that profit (net income) is zero at the breakeven point. The difference between the total revenue and total cost lines to the right of the break-even point represents profit. The difference between the total revenue and total cost lines to the left of the breakeven point represents loss. A formula for determining the breakeven point is as follows:

$$\text{Breakeven Point} = \frac{\text{Fixed Costs}}{\text{Contribution Margin Percentage}}$$

To calculate the breakeven point, it is first necessary to determine fixed costs and the contribution margin percentage.

B.1 Fixed, Variable, and Mixed Costs

Attractions incur three basic kinds of costs: fixed, variable, and mixed.

Fixed costs are costs that remain constant in the short fun, even though sales volume varies. Common examples of fixed costs include: salaries, rent expense, insurance expense, property taxes, depreciation expense, and interest expense.

Variable costs are costs that change proportionately with the volume of sales activity. For example, if the number of sodas increases by ten percent, the cost of beverage sold for those sodas may be expected to increase by ten percent.

Mixed costs are costs composed of fixed and variable elements. An example of a mixed cost is telecommunications expense. Telecommunications expense is mixed because, although the basic cost of the system is fixed, variable costs arise in terms of usage rates that coincide with increases or decreases in activity.

In order to calculate the breakeven point, mixed costs must be divided into their fixed and variable elements. Three methods for determining the elements of a mixed cost are:

1. the high/low two-point method;
2. the scatter diagram;
3. regression analysis.

To simplify the process, generally the mixed cost is included in the fixed or variable based on which best describes the activity and it movement up or down.

B.2 Contribution Margin Percentage

The contribution margin percentage is the percentage of each revenue dollar that is available to cover fixed costs. A formula for determining the contribution margin percentage follows:

$$\textit{Contribution Margin Percentage} = \frac{\textit{Total Revenue - Variable Costs}}{\textit{Total Revenue}}$$

Illustration

As an example, consider the sample Summary Statement of Income shown on the next page. To simplify the illustration, assume that all operated department expenses are variable costs and that all undistributed operating expenses, rent, property taxes, insurance, interest, and depreciation expenses are fixed costs.

The first step is to calculate the contribution margin percentage. This is accomplished by subtracting the variable costs (the expenses of the operated departments in this example) from total revenue and then dividing that figure by total revenue:

$$\textit{Contribution Margin Percentage} = \frac{\$180{,}000 - \$103{,}000}{\$180{,}000} = 42.78\%$$

This figure reveals that, after covering variable costs, 42.78% of each revenue dollar is available to cover fixed costs.

The second step is to calculate the breakeven point by dividing fixed costs by the contribution margin percentage. Since for the purposes of our illustration the fixed costs include the sum of the undistributed operating expenses and fixed charges, the breakeven point can be calculated as follows:

$$\textit{Breakeven Point} = \frac{\$47{,}000 + \$7{,}000 + \$5{,}000 + \$10{,}000}{42.78\%} = \$161{,}290.32$$

This figure reveals that the property in this example needs $161,290.32 in total revenue in order to break even. These calculations ignore the gain on sale of property because this is a non-operating activity. Also, income taxes are ignored because at the breakeven point they are assumed to be zero.

An attraction that has major debt instruments may consider the actual principal payments in their calculation of a breakeven point.

Revenues required to achieve various profit levels can be determined using modifications of breakeven analysis.

Sample Summary Statement of Income

	Revenue	COS	P/R	Other	Income
Admission	$120,000	0	$30,000	$30,000	$60,000
Food	50,000	20,000	15,000	8,000	7,000
Rental & Other Income	10,000	0	0	0	10,000
Total Operating Dept	**$180,000**	**$20,000**	**$45,000**	**$38,000**	**$77,000**
Gen & Adm Expenses			20,000	2,000	-22,000
Marketing			0	5,000	-5,000
Repair & Maintenance			5,000	3,000	-8,000
Utility Cost			0	12,000	-12,000
Total Other Op Exp			**25,000**	**22,000**	**-47,000**
Totals	**$180,000**	**$20,000**	**$70,000**	**$60,000**	**$30,000**
Rent, Prop Tax & Insur.					7,000
Interest Expense					5,000
Depreciation Expense					10,000
Gain on Sale of F/A					2,000
Income before Income Tax					*$10,000*
Income Tax					3,000
Net Income					*$7,000*

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