

Early Registrations and Deferred Revenue

How to receive income in one year that is really for the next fiscal year in QuickBooks

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Many homeschool groups require members to put down registration or an early deposit in the spring to hold their place in the program for the fall. Usually these groups operate on a fiscal year that matches a school year with the year ending sometime in the summer. So they are receiving money in their current fiscal year, but it is really income for the next fiscal year. Here's how to record this transaction properly in QuickBooks.

Set Up to Receive Early Payments

Create a Liability Account and call it Deferred Revenue (meaning the revenue is deferred or delayed until the next fiscal year).

Deferred Revenue is a liability because your homeschool group has not earned the money yet. You took the money and now owe the parents either a class or their money back, so you have a liability, an obligation to give the parents what they paid for.

The screenshot shows the 'Edit Account' window in QuickBooks. At the top, the title bar reads 'Edit Account'. Below the title bar, there is a grid icon, a label 'Account Type', a dropdown menu showing 'Other Current Liability', and a label 'Number'. The main area contains a text box for 'Account Name' with the value 'Deferred Rev -Pre-Paid Tuition'. Below it is a checkbox labeled 'Subaccount of' followed by a dropdown menu. Underneath, the word 'OPTIONAL' is displayed. The 'Description' field contains the text 'Deferred Revenues. Pre-paid tuition or early registration for next fiscal year'.

You should also create a new item in QuickBooks called Early Registration and enter Deferred Revenue as the Account.

The screenshot shows the 'Edit Item' window in QuickBooks. The title bar reads 'Edit Item'. On the right side, there are buttons for 'OK', 'Cancel', 'Notes', 'Custom Fields', and 'Spelling'. The main area is divided into sections. The 'TYPE' section has a dropdown menu set to 'Service' and a description: 'Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.' Below this is the 'Item Name/Number' field with the value 'Early Registration' and a 'Subitem of' dropdown menu. A checkbox is checked with the text 'This service is used in assemblies or is performed by a subcontractor or partner'. The 'Description' field contains 'Registration fee received in spring for next fall's tuition.' To the right of the description is a 'Rate' field with the value '200.00'. Below the rate is an 'Account' dropdown menu showing 'Deferred Rev -Pre-Pai...'. At the bottom right, there is a checkbox labeled 'Item is inactive'.

Invoice Parents

Make use of the Home screen in QuickBooks to do these steps in the correct order. Create the Invoice, then Receive Payments, then finally record the deposits.



You can create an invoice for each family for the amount they owe for Early Registration. Be sure to enter the family name. If it's a new family, you'll have to create a new Customer entry for them before you can invoice them. In this example, the invoices go out on March 1st and are due my March 31.

CUSTOMER: JOB **Dummy Family** TEMPLATE **Fixed Fee Inv...**

Invoice

INVOICE DATE: **03/01/2017** BILL TO:

INVOICE #: **181**

P.O. NUMBER: TERMS: DUE DATE: **03/31/2017**

DATE	ITEM	DESCRIPTION	AMOUNT
03/01/2017	Early Registration	Registration fee received in spring for next fall's tuition.	200.00

Your customer can't pay this invoice online
Turn on

CUSTOMER MESSAGE:

TOTAL: 200.00
PAYMENTS APPLIED: 0.00
BALANCE DUE: **200.00**

If a family decides not to return, simply delete their invoice.

When a family pays the Early Registration fees, receive a payment and check the box for the correct invoice. Be sure to enter the family name in the Received From box.

Customer Payment

CUSTOMER BALANCE **200.00**

RECEIVED FROM:

PAYMENT AMOUNT:

DATE:

CHECK #: Where does this payment go?

CASH

CHECK

CREDIT DEBIT

e-CHECK

MORE

✓	DATE	NUMBER	ORIG. AMT.	AMT. DUE	PAYMENT
✓	03/01/2017	181	200.00	200.00	200.00
Totals			200.00	200.00	200.00

AMOUNTS FOR SELECTED INVOICES

AMOUNT DUE	200.00
APPLIED	200.00
DISCOUNT AND CREDITS APPLIED	0.00

If instead you do not wish to invoice each family, enter the payments on a Sales Receipt when the family pays the early registration fee. Again, make sure you enter the family's name (it's blank in this example). If it's a new family, you'll have to create a new Customer entry for them.

CUSTOMER:JOB TEMPLATE

Sales Receipt

DATE: SOLD TO:

CASH CHECK CREDIT DEBIT e-CHECK MORE

SALE NO.: CHECK NO.:

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
Early Registration	Registration fee received in spring for next fall's tuition.	1	200.00	200.00
TOTAL				200.00

CUSTOMER MESSAGE:

On the day that classes start

Now you are ready to move the early registration income out of Deferred Revenue (debit) and into current Tuition Income (credit) for the new fiscal year.

You do this with a Journal entry (go to Company/ General Journal). Enter the Deferred Revenue for the full amount (look at your current Balance Sheet to see what the total amount in Deferred Revenues is) in the DEBIT column (this will make it go decrease) and CREDIT your current revenue account (Tuition in this example) for the same amount.

This records the early registration as income in the current fiscal year even though the money was physically received in the prior fiscal year.

In this example, the group collected a total of \$5,000 in Early Registrations in March from all its families. Now it's September and they want to move the payments into the current fiscal year as Tuition Income.

The screenshot shows the 'Make General Journal Entries' window. At the top, there are tabs for 'Main' and 'Reports'. Below the tabs is a toolbar with icons for 'Find', 'New', 'Save', 'Delete', 'Create a Copy', 'Memorize', 'Reverse', 'Print', and 'Attach File'. The 'DATE' field is set to '09/01/2017' and the 'ENTRY NO.' field is set to '5'. The main area is a table with columns for ACCOUNT, DEBIT, CREDIT, MEMO, NAME, and BILLAB... The table contains two rows of data:

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	BILLAB...
Deferred Rev -Pre-Paid Tuition	5,000.00		Move realy registrations into current fiscal...		
40000 - Tuition		5,000.00	Move realy registrations into current fiscal...		

Look at the Balance Sheet report. You should see nothing in Liabilities/Deferred Revenue. Instead you should see an increase of \$5,000 in Tuition Income.