**Accounting Overview**

**ActiveNet**

Date: Nov 15, 2012

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# Overview

This documentation is mainly used to:

* 1. Explain basic accounting knowledge
  2. Explain how to post transactions to general ledger

It can help new team members to learn the basic accounting methods of ActiveNet or be used as a training material.

**Note:** This documentation is not suitable for clients (agencies, organizations). It is intended to be for information purposes only and it is not intended as user help manual.

# GL accounts

General ledger accounts are individual accounts within a company that represent assets, liabilities, equity, revenue or expenses. The general ledger itself is the record of all transactions within these accounts.

All general ledger accounts used by ActiveNet are set up in the GL Accounts table. They are divided into two basic types: System GL account and Non-system GL account.

**Location**

Administration > Financial Settings > GL Accounts

**System GL Accounts**

1. By default, ActiveNet provides a set of standard GL accounts that will be used for overall system.
2. If the agency turns on the Site-specific System G/L Accounts, then it will override the default system GL accounts. All transactions happen at the site will be posted to the site-specific GL accounts. The reason is that for some organizations, they employ a single AN DB for several sites; however they are independent of each other. In this case, each site needs to have their own A/R, A/P, Deferred Revenue Account, etc.
3. If the agency attaches a “**system account** **package**” to a specific charge, then it will override the site-specific system GL accounts. They can be used for more accurate segment financial data within a site. For example: Activity A/R, Activity Deferred Revenue, Daycare A/R, etc.

Standard System GL Accounts

|  |  |  |
| --- | --- | --- |
| **#** | **GL Accounts** | **Description** |
| 1 | Payment Account: Cash (Asset)  Note: In normal accounting practices, “cash” refers to moneys on hand (so include checks, cash and credit memos, etc.)  However, the customer can choose to separate these accounts. Administration > Financial Settings > GL Accounts > Click on the Payment Account: Checks, Credit Memo then click activated? To activate using this account. | By default the cash account is used to record all kinds of currency (cash, check, credit memo, etc) that have been received or spent by the organization.   * The cash account will be debited when “cash” are received. (Increased) * The cash account will be credited when “cash” is paid out. (Decreased)   **Debit balance** of cash account means they have positive amount in cash account.  **Credit balance** of cash account means they have negative balance in cash account – that the amount paid out is greater than the money it has received. |
| 2 | Payment Account: Checks (Asset)  Note: If this GL account is inactive, all checks received will be recorded in cash account. | Refer to the cash account  Note: If refund by check, the refund amount will credit the refund clearing account instead of the check account. |
| 3 | Payment Account: Credit Cards (Asset) | Refer to the cash account |
| 4 | Payment Account: ECP (Asset) |
| 5 | Payment Account: Credit Memos (Asset)  Note: If this GL account is inactive, all credit memo will be recorded in cash account |
| 6 | Customer Balance Account: A/R (Asset)  Note: Only be used for cash basis accounting. | A/R account is used to record account receivable.   * The A/R account will be debited when amount owed. (A/R increased) * The A/R account will be credited when the company receives the money or the amount owed is cancelled. (A/R decreased)   **Debit balance** of A/R account means that customers owe the organization money.  **Credit balance** of A/R account means that the organization has overpayment. |
| 7 | Customer Balance Account: Future A/R | FAR account is used to record the amounts owed that aren’t yet due.   * The FAR will be debited when the amount owed that is not yet due. (FAR increased) * The FAR will be credited when the amount owed comes due. (FAR decreased)   **Debit balance** of FAR account means that customers owe the organization money however the amount owed will come due later. |
| 8 | Customer Credit Account: A/P (Liability) | A/P account has been widely used in AN:   1. When using cash basis accounting, A/P account will be credited when the amount owed. It will be debited when the company receives the money or the amount owed is cancelled. 2. The A/P account will be credited when a customer has overpayment or refund to account. It will be debited when customer pay from account. 3. It can also be used as a transfer account. For example: When transferring from activity A to B, the refund amount for the previous activity will be posted as credit in A/P and then debit A/P to pay off the new activity charge. Please refer to the specific transaction posting. |
| 9 | Customer Balance Account: A/R (Deferred) (Asset)  Note: Only be used for accrual basis accounting. | A/R account is used to record account receivable.   * The A/R account will be debited when amount owed. (A/R increased) * The A/R account will be credited when the company receives the money or the amount owed is cancelled. (A/R Decreased)   **Debit balance** of A/R account means that customers owe the organization money.  **Credit balance** of A/R account means that the organization has overpayment. |
| 10 | Deferred Revenue Account: Deferred Revenue (Liability) | Deferred revenue account is used to record un-earned revenue.   * This account will be credited when payment received or will be received in the future however service or products have not yet been performed. * This account will be debited when the deferred revenue becomes earned; an adjusting entry will debit the account and credited revenue account. |
| 11 | Refund Clearing Account | Refund clearing account is used to record the amount refund by check.   * This account will be credited when refund amount by check |
| 12 | Processing Fee Account | Unknown |

**Note:**

1. The GL accounts listed above are default system GL accounts. They can also be used as based types when creating “child” system GL accounts. These “child” accounts can be used for site-specific or charge-specific system GL accounts.

**Non-system GL Account**

Non-system accounts are created by system users and often used for recording income and expenses.

Account Type

In ActiveNet, system user can attach an account type for a non-system GL account. (Optional)

System provides the following fixed types:

* Assets
* Liability
* Income
* Expense
* Capital

Account types are often used to filter a specific group of GL accounts. For example: When selecting a GL account for expense, system will only display the GL accounts which are marked as “Expense” type.

**Note:**

Designers need to pay attention when adding a new GL account selection box in system. The best practice is to only display the related GL account and exclude the irrelevant accounts. You can use the account type to filter the desired GL accounts.

Site Specific Non-system GL Account

Unlike site-specific system GL accounts, the “site” assigned to a non-system GL account is mainly used for authority control. For example: For a site-specific system user, when he/she creates an activity fee, they can only view and choose the GL accounts of their own site.

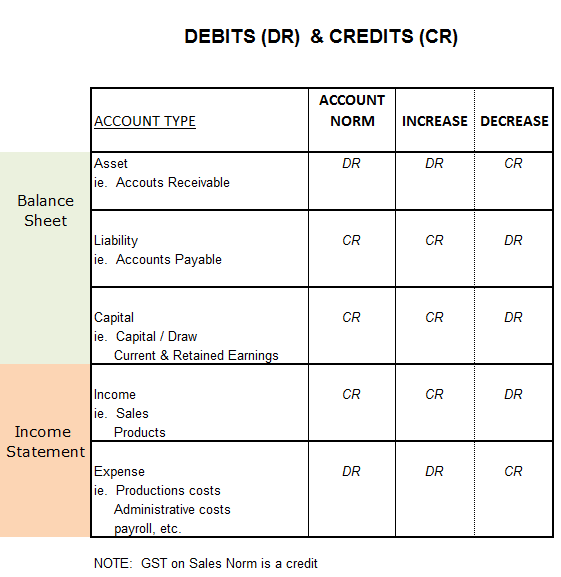
In general, non-system GL accounts belong to the following three types.

|  |  |
| --- | --- |
| **#** | **Non-system GL Accounts** |
| 1 | Income  i.e. Activity revenue, membership revenue |
| 2 | Expense  i.e. Expense |
| 3 | Liability  i.e. Security deposit |

Account Norm

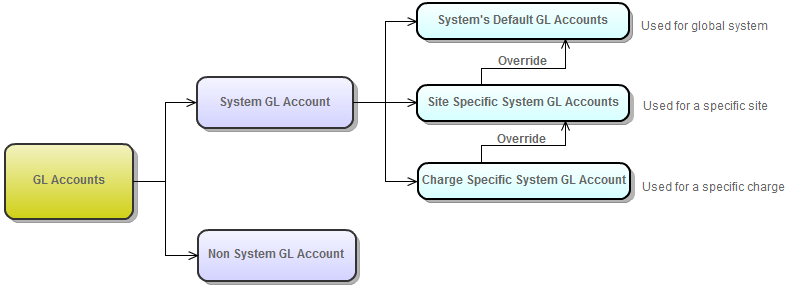
DR refers to debit

CR refers to credit



**Structure of Hierarchy**

Note: This structure cannot totally fit the Deferred Revenue Account. From the version 12.2, we established a more complex hierarchical structure for deferred revenue account. Please refer to the “Deferred Revenue” chapter.



# Accrual Basis Accounting vs. Cash Basis Accounting

**Location**

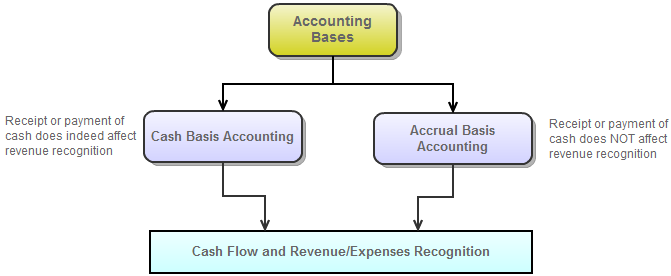
Administration > Financial Settings > Configuration

**Setting**

The checkbox named “Use accrual A/R system”

* If checked, system will use accrual-basis accounting method.
* If unchecked, system will use cash-basis accounting method.

**Illustration**



**Differences between Accrual Basis and Cash Basis accounting**

(In order to make the comparison more simple to understand; let’s assume that the deferred revenue setting is turned off.)

|  |  |  |
| --- | --- | --- |
| **Item** | **Accrual Basis Accounting** | **Cash Basis Accounting** |
| 1 | Record revenue when the payment is received or will be received in the future. | Record revenue when the payment is received. |
| 2 | Record expense when they are incurred, whether they are paid or not. | Record expense when the payment is made. |
| 3 | Cash flows do not match with revenue and expense recognition. | Cash flows match revenue and expense recognition. |

**Note:** Accrual basis accounting is more often used by organizations.

**Examples:**

An activity was sold at $500.00 on July 1. Then $200.00 is received on July 10 and remaining $300.00 is received on July 15.

1. Accrual basis accounting: All incomes of the transaction are recognized as revenue immediately when the transaction is completed.

|  |  |  |
| --- | --- | --- |
| Date | Debit | Credit |
| July 1, 2012 | A/R (500.00) | Revenue Account (500.00) |
| July 10, 2012 | Cash (200.00) | A/R (200.00) |
| July 15, 2012 | Cash (300.00) | A/R (300.00) |

1. Cash basis accounting: Only the payment received can be recognized as revenue.

|  |  |  |
| --- | --- | --- |
| Date | Debit | Credit |
| July 1, 2012 | Customer Credit Account (500.00) | A/R (500.00) |
| July 10, 2012 | A/R (200.00) | Customer Credit Account (200.00) |
| Payment Account (200.00) | Revenue Account (200.00) A/R (200.00) |
| July 15, 2012 | A/R (300.00) | Customer Credit Account  (300.00) |
| Payment Account (300.00) | Revenue Account (300.00) |

# Deferred Revenue

**What is Deferred Revenue?**

Revenues that have been received but not yet earned are recorded as deferred revenues. When the services are performed, revenue will be recognized and the deferred revenue liability eliminated. Deferred revenue stems from the accounting concept of revenue recognition, under which revenues are recognized only when the earning process is complete. If funds are received and no goods or services have yet been provided, the process is not complete. Thus revenue cannot be recognized, and a deferred revenue liability is recorded.

|  |  |  |
| --- | --- | --- |
| When deferred revenue setting is turned on… | Revenue will be divided into two parts | Discount will be divided into two parts |
| Unearned Revenue | Unused Discount |
| Earned Revenue | Used Discount |

**Note:** Discount account can be affected by deferred revenue as well. For example:

On Jun 29, 2012, system user enrolled a student into a course with full balance in payment plan.

Tuition fee: $1000; fixed discount: $100.00.

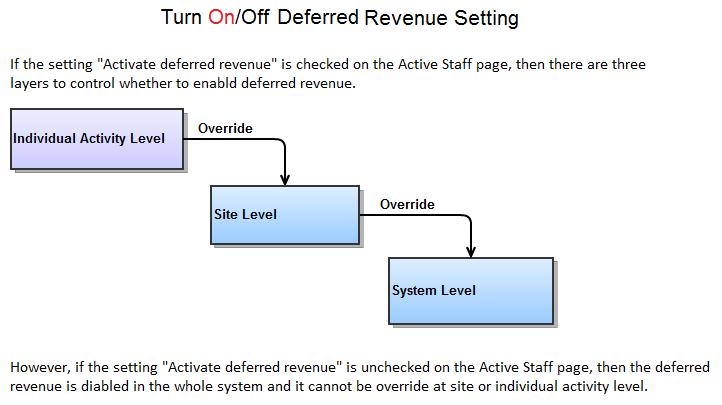
Deferral option: Monthly.

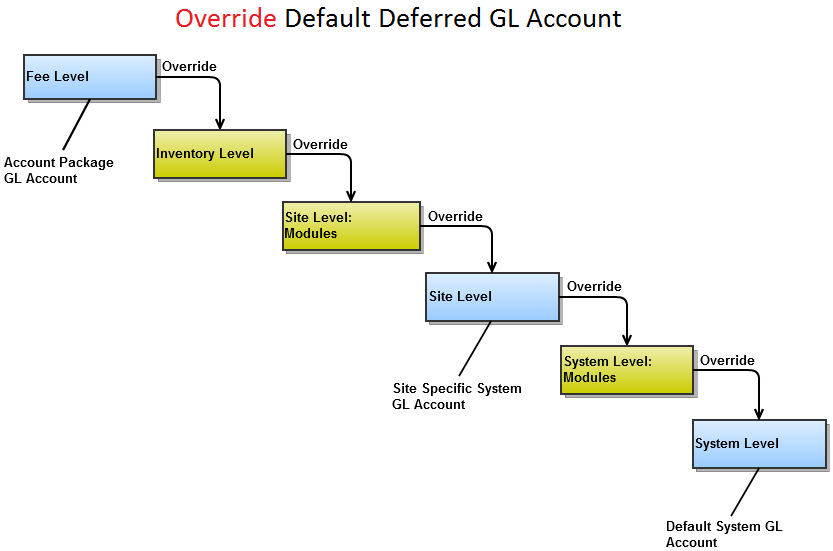
There are 3 meeting dates in July and 7 meeting dates in Aug. (Pre-condition: the accounting period is monthly.)

|  |  |  |
| --- | --- | --- |
| Date | Debit | Credit |
| Jun 29, 2012 | A/R Account (900.00) | Deferred Revenue (1000.00) |
| Customer Credit Account  (100.00) |
| Deferred Revenue (100.00) | Customer Credit Account (100.00) |
| July 1, 2012 | Deferred Revenue (300.00) | Revenue Account (300.00) |
| Discount Account (30.00) | Deferred Revenue (30.00) |
| Aug 1, 2012 | Deferred Revenue (700.00) | Revenue Account (700.00) |
| Discount Account (70.00) | Deferred Revenue (70.00) |

**Hierarchy Structure**

ActiveNet allows user to override deferred revenue setting at site level and individual activity level.





**Accounting Period**

Fiscal Year

A 12-month period over which a company budgets its spending and calculate annual financial statements. A fiscal year does not always begin in January and end in December; it may run over any period of 12 months.

Defer Revenue Periods

Deferred Revenue recognition periods include the quarter, month, or smaller units of time, like a week. These periods are often used for internal accounting, the purpose of which is to monitor financial health and watch out for problems.

ActiveNet provides five basic deferred revenue options: Daily, Weekly, Monthly, Quarterly and Yearly. Besides, there are two deferral options “To {Activity/Program/Pass} Start” and “To {Activity/Program/Pass} Start and to Fiscal Year End” which are only used for activity, program and membership. The deferral options can be overridden at individual activity/program/membership level.

**Note:** The accounting periods (i.e. monthly, weekly, etc) do not follow the calendar. The start date of each accounting cycle is closely related to fiscal year start date.

How to Calculate Deferred Revenue

1. For regular activity and daycare enrollment, AN calculates deferred revenue based on the number of meeting dates.
   * Deferred revenue in a specific accounting cycle = (Total Revenue/Total number of meeting dates) \* The number of meeting dates occurred in the accounting cycle
2. For Private Lessons, AN calculates deferred revenue based on the number of scheduled (booked) lessons.
   1. **Booked:** 1) Daily: Recognize revenue on the scheduled dates. 2) Other periods: Recognize the revenue on the start date of the period.

Example: Purchase a total of 10 lessons. ($100.00). Only 2 of the 10 lessons are scheduled on Nov 12 and Nov 19. Then the deferred revenue recognition dates are

Nov 12, $50.00

Nov 19, $50.00

* 1. **Not Booked:** There is a separate setting to control the un-booked private lesson deferral option. (Location: Administration > Financial Settings > Configuration)

1) Daily: recognize revenue on the last date of the private lesson. 2) Other periods: Recognize revenue on the start date of the period which includes the last date of the private lesson.

Example:

(Daily) Purchase a total of 10 lessons without schedule any lessons. The private lesson effective date range is from Nov 12 to Dec 24. Then the deferred revenue recognition date is Dec 24, $100.

(Monthly) Purchase a total of 10 lessons without schedule any lessons. The private lesson effective date range is from Nov 15 to Dec 24. Then the deferred revenue recognition date is Dec 1, $100.

* 1. **Pre-booked**: Same as Not Booked

A typical example: A student purchased total 10 lessons. The private lesson effective date range is from Nov 12 to Dec 24.

Not booked: 6

Pre-booked: 2

Booked: 2 (Dec 10 and Dec 17)

Then the revenue will be deferred on

|  |  |
| --- | --- |
| Deferred to date | Amount |
| Dec 10 | $25 |
| Dec 17 | $25 |
| Dec 24 | $50 |

Obviously, system calculates the deferred amount based on the specified number of lessons (the number of pre-booked lesson + the number of booked lessons). Then all the un-scheduled lesson revenue will be deferred to one day after the last activity date.

* 1. **Re-schedule:** The original transaction will be cancelled, so that the previous deferred revenue records will be removed. System will re-generate new deferred revenue records based on the revised lessons according to the above rules.

1. For Membership sale, AN calculates deferred revenue based on the number of membership effective dates.
   * Deferred revenue in a specific accounting cycle = (Total Revenue / Total number of effective dates) \* The number of effective dates within the accounting cycle
   * Never Expired: Recognize all revenue immediate on the sales date
   * Expired after issue X days: the total number of effective dates = X days + 1
2. For reservation, AN calculates deferred revenue based on the number of reserved dates within the accounting cycle.

Deferral Options

The fiscal year start date will be used to decide the start date of each accounting cycle, when the “Yearly”, “Quarterly”, “Monthly” and “Weekly” options selected.

* “Yearly” means the system will use the fiscal year as an interval, revenue for the portion of inventory delivered in the current fiscal year is recognized immediately (at the time of the transaction), revenue for the portion of the inventory that is delivered in the next fiscal year is recognized on the first day of the next fiscal year. (Exactly same as the deferral option “Fiscal Year End” in Class)
* “Monthly” means the system will use one month as an interval, use the fiscal year start date as the starting date of each month. (For example: Fiscal year begins at Feb 15. Then Feb 15, Mar 15, Apr 15, etc will be the start date of each accounting cycle.) So that when the sales take place in next fiscal year, it will be recognized on the start date of the accounting cycle in next fiscal year.
* “Quarterly” means the system will use 3 - month as an interval and use the fiscal year start date as the starting date of each quarter. (For example: Fiscal year begins at Aug 15. Then Aug 15, Nov 15, Feb 15, May 15 will be the start date of each accounting cycle. ) So when the sales take place in next fiscal year, it will be recognized on the start date of the corresponding accounting cycle.
* “Weekly” means system will use 7 days as an interval and use the customized day as the start of each week. (i.e. Mon, Tue, …) If there is a week across two fiscal years, then system will split the revenue of this week into two parts, the part belong to current fiscal year will be recognize on the start date of the week, the part belongs to next fiscal year will be recognized on the first day of the fiscal year.

Examples:

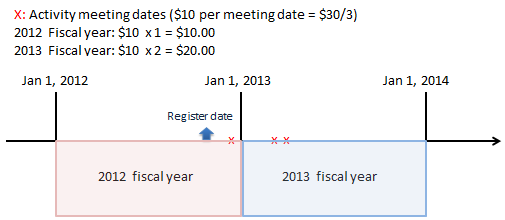
**Deferral option is set to “Yearly”**,

Scenario:

Fiscal Year begins at Jan 1

Total course fee is $30

Register on Nov 1, 2012, Make full payment on Nov 1, 2012



|  |  |  |  |
| --- | --- | --- | --- |
| Date | Transaction | Debit | Credit |
| Nov 1, 2012 | Register and make payment: recognize the revenue belong to fiscal year 2012 | Cash $30.00 | Activity Revenue $10.00 |
| Deferred Revenue $20.00 |
| Jan 1, 2013 | New Fiscal Year start date: recognize deferred revenue | Deferred Revenue $20.00 | Activity Revenue $20.00 |

**Deferral option is set to “Quarterly”**

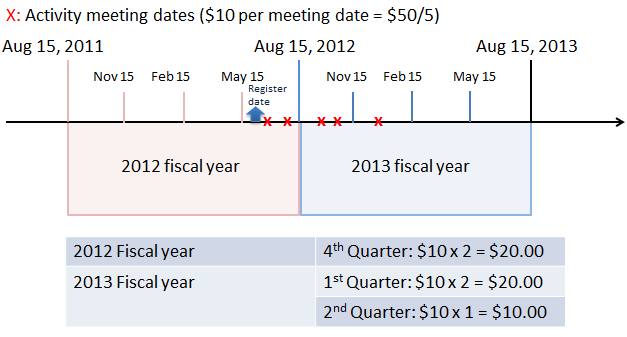
Scenario:

Fiscal Year starts at Aug 15

Total course fee is $50.00

An activity stars Jul 24, 2012; Total 5 meeting dates.

Register no Jul 13, 2012, make full payment.



|  |  |  |  |
| --- | --- | --- | --- |
| Date | Transaction | Debit | Credit |
| Jul 13, 2012 | Register and make payment | Cash $50.00 | Activity Revenue $20.00 |
| Deferred Revenue $30.00 |
| Aug 15, 2012 | Recognize deferred revenue | Deferred Revenue $20.00 | Activity Revenue $20.00 |
| Nov 15, 2012 | Recognize deferred revenue | Deferred Revenue $10.00 | Activity Revenue $10.00 |

**Deferral option is set to “Monthly”**

Scenario

Fiscal Year begins at Aug 15

An activity stars Jul 24, 2012; Total 5 meeting dates.

There are 2 course bookings in 2012 fiscal year and 4 course bookings in 2013 fiscal year. (one course per month)

Course fee is $60.00

Register no Jul 16, 2012, make full payment.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Transaction | Debit | Credit |
| Jul 16, 2012 | Register and make payment | Cash $60.00 | Activity Revenue $20 |
| Deferred Revenue $40 |
| Aug 15, 2012 | Recognize deferred revenue | Deferred Revenue $10 | Activity Revenue $10 |
| Sep 15, 2012 | Recognize deferred revenue | Deferred Revenue $10 | Activity Revenue $10 |
| Oct 15, 2012 | Recognize deferred revenue | Deferred Revenue $10 | Activity Revenue $10 |
| Nov 15, 2012 | Recognize deferred revenue | Deferred Revenue $10 | Activity Revenue $10 |

**Deferral option is set to “Weekly” (Start from Monday)**

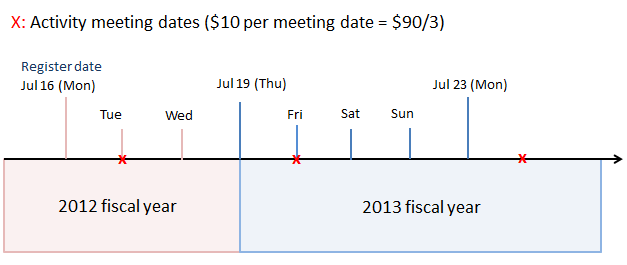
Scenario

Fiscal Year begin is Jul 19 (Thursday)

There are 1 course bookings in 2012 fiscal year and 2 course bookings in 2013 fiscal year.

Course fee is $90.00

Register no Jul 16, 2012, make full payment.



|  |  |  |  |
| --- | --- | --- | --- |
| Date | Transaction | Debit | Credit |
| Jul 16, 2012 | Register and make full payment | Cash $90.00 | Activity Revenue $30 |
| Deferred Revenue $60 |
| Jul 19, 2012 | Recognize deferred revenue | Deferred Revenue $30 | Activity Revenue $30 |
| Jul 23, 2012 | Recognize deferred revenue | Deferred Revenue $30 | Activity Revenue $30 |

# Future A/R

Related JIRA tickets: AN-17780; AN-21947.

**Note:** Future A/R is enabled only if the accrual-basis accounting is turned on.

**Why organizations need to use the future A/R account?**

Future A/R account allows organizations to quickly identify:

* Past due amount
* Future due amount

**How Future A/R account affects the journal entry?**

* When a payment plan is setup, all debits will go against a Future A/R account initially.
* As payments become due, the portion that comes due will be moved from future AR account to AR account automatically.

**Location**

Administration > Financial Settings > Configuration

The Future A/R function is controlled by the option “Post amount due to A/R account when:”

* Payment plan is set up: Amount due is posted to A/R account immediately when payment plan is set up. [Disable Future A/R account]
* Payment comes due: Future due amount in the payment plan will be posted to the future A/R account. [Activate Future A/R account]

**Note:**

(Precondition: Future A/R setting is turned on) When paying a future due amount, the amount paid will be stored in customer credit account (called “linked credit”) until the due date, then on that date the amount will debit customer credit account and credit A/R account.

**An example:**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Transaction | Debit | Credit |
| Initial transaction date/time. | Payment plan is set up | Future A/R | Rev. or Deferred Revenue |
| Paid Date | Make payment | Payment account | Customer Credit Account (A/P) |
| Due Date | Automated transfer the amount due from FAR to A/R | A/R | Future A/R |
| Use linked credit to offset A/R | Customer Credit Account (A/P) | A/R |

If you want to know more about future A/R, please click this link <http://sbs.active.com/docs/DOC-241399>.

# Transaction T-Charts

## What is a General Ledger?

In accounting the general ledger is the central financial record of the business. Every transaction is recorded in the general ledger.

## Accrual A/R On (Future A/R Off) – Deferred Rev On T-Charts

### Activity Registration/Daycare Program/Membership Sale

#### Enrollment pay in full (Paid Amount = Total Charge)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account: cash, check, ECP, CC etc | Deferred Revenue Account |

Enrollment pay part, payment plan on balance (Paid Amount + Unpaid Amount= Total Charge)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (paid amount) | Deferred Revenue Account |
| A/R Account  (unpaid amount) |

#### Enrollment payment plan on full balance (Unpaid Amount = Total Charge)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | A/R Account  (unpaid amount) | Deferred Revenue Account |

Enrollment with Scholarship (Treat as payment)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (paid amount) | Deferred Revenue Account |
| A/R Account  (unpaid amount) |
| Scholarship Account  (scholarship amount applied) |

Enrollment with discount (Paid + Unpaid + Discount = Total charge)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (Paid amount) | Deferred Revenue Account |
| A/R Account  (Unpaid amount) |
| Customer Credit Account (A/P)  (discount amount) |
| Deferred Revenue Account | Customer Credit Account (A/P) |

Enrollment with scholarship (treat as discount)

* Exactly the same as the transactions with discount

Pay additional charge \*Additional charge cannot be deferred

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add additional charge | A/R Account  (additional charge applied) | Revenue Account  (additional charge applied) |

### Activity Registration

Enroll with Deposit \*Deposit amount cannot be placed into payment plan.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Place Deposit | Payment Account  (Deposit amount) | Deferred Revenue Account  (Deposit amount) |

#### **Withdraw Deposit**

It consists of two types of transactions “Withdraw Deposit” and “Enroll from Deposit”

Withdraw Deposit

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw Deposit | Deferred Revenue Account | Deposit GL Account |
| Deposit GL Account | Customer Credit Account (A/P) |

#### **Enroll from Deposit**

Case 1: pay part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Payment Account  (Paid amount) | Deferred Revenue Account |
| A/R Account  (Unpaid amount) |
| Customer Credit Account (A/P)  (deposit amount) |

Case 2: Refund

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |
| Refund Payment Account |

Case 3: No Fee change

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |

#### Transfer

It consists of two types of transactions “Transfer Out” and “Transfer In”

\*Similar to “Enroll from deposit”. The only difference is that during the “transfer” process, system user can manually adjust the refund amount (the amount to offset the new registration fee).

1. If the original transaction was paid in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |

1. If original transaction was paid part, the balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| Revenue Account  (unpaid amount) | A/R Account |

1. If original transaction was paid nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | Deferred Revenue Account | Revenue Account |
| Revenue Account | A/R Account |

Transfer In: Pay part, the rest in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer In | Payment Account  (paid amount) | Deferred Revenue Account |
| A/R Account  (unpaid amount) |
| Customer Credit Account (A/P) |

#### Activity Income Adjustment

\*The amount adjusted cannot be placed into payment plan.

\*Additional income cannot be deferred

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust activity income | Payment Account | Revenue Account |

#### Rollover

\*After running rollover process, system will automatically setup a payment plan for balance and due on current date.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Rollover | A/R Account | Deferred Revenue Account |

#### Modify Enrollment

It consists of two types of transactions “Adjust for Modification” and “Modification”.

**Adjust for Modification**

If the original transaction was paid in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | Deferred Revenue Account | Revenue Account |
| Revenue Account | Customer Credit Account (A/P) |

If original transaction was paid part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| Revenue Account  (unpaid amount) | A/R Account  (unpaid amount) |

If original transaction was paid nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | Deferred Revenue Account | Revenue Account |
| Revenue Account | A/R Account |

**Modify Enrollment**

Case 1: Make payment (paid in full)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |

Case 2: use payment plan, pay nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| A/R Account |

Case 3: pay part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| A/R Account |
| Payment Account |

Case 4: no need to pay extra fee

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |

### Daycare Program

\*Similar to Activity Registration. The difference is that a daycare enrollment usually involves several transactions. When the original enrollment is modified, it only has effect on the corresponding transaction.

#### Modify Enrollment

\*Pay in Full: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Payment Account | Deferred Revenue Account |

\* Set up payment plan: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | A/R Account | Deferred Revenue Account |

\* Pay part and set up payment plan: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | A/R Account | Deferred Revenue |
| Payment Account |

\*Pay in Full: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Refund | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge.) |
| Daycare Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |

\*Set up Payment Plan: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Refund | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge.) |
| Daycare Enrollment | Customer Credit Account (A/P) | Rev or Deferred Revenue |
| A/R Account |

\*Refund: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Refund | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge) |
| Refund Account  (Refund Amount) |
| Daycare Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |

#### Add to Waiting List

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare waiting list | None | None |

#### Enroll from Waiting List

\*Same as enrollment process

### Refunds

#### Refund (without withdrawal)

Case 1: no discount in original transaction.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account  (refund amount) | Revenue Account |
| Revenue Account | Refund Payment Account  (Actual refund amount) |

Case 2: no discount in original transaction. Apply refund charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account | Revenue Account |
| Revenue Account | Refund Payment Account  (Actual refund amount) |
| Customer Credit Account (A/P) |
| Customer Credit Account (A/P) | Refund Charge Account |

Case 2: Discount applied in original transaction.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account  (reduced revenue amount) | Revenue Account |
| Discount Account | Deferred Revenue Account |
| Revenue Account | Refund Payment Account  (Actual refund amount) |
| Customer Credit Account (A/P)  (reduced discount amount) |
| Customer Credit Account (A/P)  (Reduced discount amount) | Discount Account  (reduced discount amount) |

\*For a percentage discount:

Reduced revenue amount = Actual refund amount (exclude refund charge) / (1 – % based Discount )

\*For a fixed discount:

System will calculate the percentage portion of the fixed discount. In addition to this, same as the percentage discount.

#### Refund for Withdrawal

Case 1: The original transaction has unpaid amount. (no discount in original enrollment)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | Deferred Revenue Account | Revenue Account |
| Revenue Account  (Refund amount) | Refund Payment Account  (Refund amount) |
| Revenue Account  (unpaid amount) | A/R  (unpaid amount) |

Case 2: The original transaction has been paid in full. (Discount applied to original enrollment)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | Deferred Revenue Account | Revenue Account |
| Discount Account | Deferred Revenue Account |
| Revenue Account | Refund Payment Account  (Refund amount) |
| Customer Credit account (A/P) |
| Customer credit account (A/P) | Discount Account |

#### Retain the amount owed after withdrawal

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | Deferred Revenue Account | Revenue Account |
| Revenue Account  (removed balance) | A/R  (removed balance) |

\*Finally, Revenue account will have a credit balance which is equal to the prorated amount.

\*When prorated amount > paid amount: Prorated amount – paid amount = Retained amount (No refund and the retained amount will be kept in pp.) Removed balance = original balance – prorated amount

\*When prorated amount = paid amount: No refund and all balance will be removed

\*When prorated amount < paid amount: Paid amount – prorated amount = Refund Amount (all balance will be removed)

#### Refund Payment and Retain Balance on Account

\*System will generate two transactions 1) Refund; 2) New Payment Plan for Balance

\*System forces the user to refund All paid amount.

\*The previous balance due will be cancelled after this type of transaction. Only the refunded amount is recorded in new payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Refund Payment Account  (paid amount) |
| Revenue Account  (unpaid amount) | A/R Account  (unpaid amount) |

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| New Payment Plan for Balance | A/R Account | Deferred Revenue Account |

### Financial Adjustment

#### Journal Entry

\*Journal Entry always debits Cash Account to offset the specified GL account. User cannot choose to use other payment accounts.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enter Journal into a GL account | Cash Account | The specified GL account |

#### Journal Transfer

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Journal transfer | The specified Debit GL account | Customer Credit Account (A/P) |
| Customer Credit Account (A/P) | The specified credit GL account |

### Customer Account Adjustment

#### Pay on account

#### No matter before or after the due date:

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Pay on account | Payment Account  (paid amount) | A/R Account  (paid amount) |

#### Transfer Balance

\*Transfer balance will not affect Deferred Revenue account. All the transferred balance will be post to revenue account directly.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust Account | Original Revenue Account  (transferred balance) | A/R Account |
| Payment account | User specified Revenue Account (transferred balance) |
| A/R |

#### Debit Account

\*Pay part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Account Debit | Payment Account | Offsetting GL account |
| A/R Account |

#### Credit Account with offsetting G/L Account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Overpayment | offsetting GL account | Customer credit account (A/P) |

#### Credit Account without offsetting G/L Account

\*System disallow set up payment plan when credit account.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Overpayment | Payment Account | Customer Credit Account (A/P) |

#### Refund from account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Account Debit | Customer Credit Account (A/P) | Refund payment account |

### Reservation

#### Reserve and pay in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | A/R Account | Deferred Revenue Account |
| Payment on account | Payment Account | A/R Account |

#### Reserve pay part, payment plan on balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | A/R Account | Deferred Revenue Account |
| Payment on account | Payment Account  (paid amount) | A/R Account  (paid amount) |

#### Reserve payment plan on full balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reserve | A/R Account | Deferred Revenue account |

#### Make a payment

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Payment on Account | Payment Account | A/R Account |

#### Reserve (discount applied)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | A/R Account | Deferred Revenue account |
| Customer Credit Account (A/P) |
| Deferred Revenue Account | Customer Credit Account (A/P) |

#### Modify Permit Charge

Cancel balance due after permit cancellation

\*When a permit was cancelled, all the deferred revenue will be recognized immediately.

\*When a permit was cancelled, the balance will be cancelled as well.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Cancel balance due | Deferred Revenue Account  (All deferred revenue) | Revenue Account  (All deferred revenue) |
| Revenue Account  (unpaid amount) | A/R Account  (unpaid amount) |

Refund Permit Charge (partial refund)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund paid amount | Revenue Account (Refund amount) | Refund payment account (Refund amount) |

#### Add new permit charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add a new charge | A/R Account | Deferred Revenue account |

#### Refund permit charges (full refund)

\*If a permit charge has been partially paid, when you refund the total paid amount of this charge, then the balance of this charge will be removed. In fact, this charge will be removed from the permit.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund Permit Charges | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Refund Payment account  (paid amount) |
| Revenue account (unpaid amount) | A/R (unpaid amount) |

#### Claim Deposit

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation  (after claim deposit) | Deferred Revenue Account | Security Deposit Account |
| Security Deposit Account | A/R Account |
| A/R Account  (deposit charge) | Deferred Revenue  (deposit charge) |
| A/R Account  (claim charge) | Deferred Revenue  (claim charge) |
| Refund Permit Charges | A/R Account | Customer credit account (A/P) |
| Paid on Account Balance | Customer credit account (A/P)  (deposit charge) | A/R Account |
| Paid on Account Balance | Customer credit account (A/P)  (claim charge) | A/R Account |

### Taxes

\*Related to ANE-95 (VERSION 13.1)

Design document: <http://sbs.active.com/docs/DOC-254790>

A new option will be added at financial configuration page called “Post tax when payment is due or collected”

* If checked, taxes will be recognized when the service is provided according to the existing deferral option.
* If unchecked, taxes will be recognized as revenue immediately when payment is due or collected, whichever comes first.

### Expense

\*After running the “Expenses – Post” process (Location: Front Desk > Financial > Expenses - Post), the expense transactions will be post to the journal ledger.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add a new charge | Expense GL Account | Expense Clearing GL Account |

### Void Receipt

\*The previous GL posting will be offset and hidden from journal ledger after a receipt is voided.

### Cancel Payment

#### Cancel payment

\*The payment plan that set up after payment cancellation cannot be post to deferred revenue. They are recognized immediately.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reverse Payment | Revenue Account | Payment Account (cancelled) |
| Reverse Payment | A/R Account | Revenue Account |

#### Apply NSF charge due to ECP decline

\*Auto Apply NSF charge: Only the amount paid by the ECP that was declined will be cancelled.

\*Manually apply NSF charge: The user can apply NSF charge to any payment types.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Cancel payment | A/R Account | NSF charge GL account |

### Processing Fee

\*For online transactions, the convenience/transaction/credit card fees will not be post to Ledger. Ledgers are for organizations use so we shouldn’t record fees that Active charges there.

## Accrual A/R On (Future A/R On) – Deferred Rev On T-Charts

### Activity Registration and Daycare Program

#### Enrollment pay in full (Paid Amount = Total Charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account: cash, check, ECP, CC etc. | Deferred Revenue Account |

Enrollment pay part, payment plan on balance (Paid Amount + Unpaid Amount= Total Charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (paid amount) | Deferred Revenue Account |
| Future A/R Account  (unpaid amount) |

#### Enrollment payment plan on full balance (Unpaid Amount = Total Charge)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Future A/R Account  (unpaid amount) | Deferred Revenue Account |

Enrollment with scholarship (Treat as payment) (Paid + Unpaid + Scholarship = Total charge)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (paid amount) | Deferred Revenue Account |
| Future A/R Account  (unpaid amount) |
| Scholarship Account  (scholarship amount applied) |

Enrollment with discount (Paid + Unpaid + Discount = Total charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (Paid amount) | Deferred Revenue |
| Future A/R Account  (Unpaid amount) |
| Customer Credit Account (A/P)  (discount amount) |
| Deferred Revenue Account  (Unrecognized discount amount) | Customer Credit Account (A/P)  (total discount amount) |

**Exception:** A portion of revenue will be recognized in the future; the remaining is post to revenue account immediately

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (Paid amount) | Revenue Account  (Recognized part) |
| Future A/R Account  (Unpaid amount) |
| Deferred Revenue Account  (Unrecognized part) |
| Customer Credit Account (A/P)  (discount amount) |
| Discount GL Account  (Recognized part) | Customer Credit Account (A/P)  (total discount amount) |
| Deferred Revenue Account  (Unrecognized part) |

Enrollment with scholarship (treat as discount)

* Exactly same as the transactions with discount

Pay additional charge \*Additional charge cannot be deferred

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add additional charge | Future A/R  (additional charge applied) | Revenue Account  (additional charge applied) |

### Activity Registration

Enroll with Deposit \*the deposit amount cannot be placed into payment plan.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Place Deposit | Payment Account | Deferred Revenue account |

#### **Enroll from Deposit**

It consists of two types of transactions “Withdraw Deposit” and “Enroll from Deposit”

Withdraw Deposit

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw Deposit | Deferred Revenue Account | Deposit GL account |
| Deposit GL account | Customer Credit Account (A/P) |

Enroll from Deposit

Case 1: pay part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Payment Account  (Paid amount) | Deferred Revenue account |
| Future A/R Account  (Unpaid amount) |
| Customer Credit Account (A/P)  (deposit amount) |

Case 2: Refund

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |
| Refund Payment Account |

Case 3: (No Charge Change)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |

#### Transfer

It consists of two types of transactions “Transfer Out” and “Transfer In”

\*Similar to “Enroll from deposit”. The only difference is that during the “transfer” process, system user can manually adjust the refund amount (the amount to offset the new registration fee).

I would only give one example: transfer and pay extra fee.

**Transfer Out:**

1. If the original transaction was paid in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |

1. If original transaction was paid part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| Revenue Account  (unpaid amount) | Future A/R Account |

1. If original transaction pay nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | Deferred Revenue Account | Revenue Account |
| Revenue Account | Future A/R Account |

**Transfer In:**

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer In | Payment account  (paid amount) | Deferred Revenue Account |
| Future A/R  (unpaid amount) |
| Customer Credit Account (A/P) |

#### Activity Income Adjustment

\*The amount adjusted cannot be placed into payment plan.

\*Additional income cannot be deferred

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust activity income | Payment Account  (paid amount) | Revenue Account  (total revenue) |

#### Rollover

\*After running rollover process, system will automatically setup a payment plan for balance and due on current date.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Initial transaction is processed and payment plan is set up. | Future A/R Account | Deferred Revenue Account |

#### Modify Enrollment

It consists of two types of transactions “Adjust for Modification” and “Modification”.

**Adjust for Modification**

If the original transaction was paid in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |

If original transaction paid part, remaining in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| Revenue Account  (unpaid amount) | Future A/R Account |

If original transaction paid nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | Deferred Revenue Account | Revenue Account |
| Revenue Account | Future A/R Account |

**Modification**

Case 1: Make payment (paid in full)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modification | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |

Case 2: set up payment plan after modification

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modification | Customer Credit Account (A/P) | Deferred Revenue Account |
| Future A/R  (new balance) |

Case 3: Refund after modification (Original transaction pay a part of registration fee)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modification | Customer Credit Account (A/P) | Deferred Revenue Account |
| Original revenue account | Refund payment account |

### Daycare Program

\*Similar to Activity Registration. The difference is that a daycare enrollment usually involves several transactions. (System automatically generates separated transactions based on booking periods) When the original enrollment is modified, it only has effect on the corresponding transaction.

#### Modify Enrollment

\*Pay in Full: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Payment Account | Deferred Revenue Account |

\* Set up payment plan: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Future A/R Account | Deferred Revenue Account |

\* Pay part and set up payment plan: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Payment Account | Deferred Revenue Account |
| Future A/R Account |

\*Pay in Full: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Refund | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge.) |
| Daycare Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |

\*Set up Payment Plan: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Refund | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge.) |
| Daycare Enrollment | Customer Credit Account (A/P) | Deferred Revenue |
| A/R Account |

\*Refund: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Refund | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge) |
| Refund Account  (Refund Amount) |
| Daycare Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |

#### Add to Waiting List

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare waiting list | None | None |

#### Enroll from Waiting List

\*Same as regular enrollment process

### Refunds

#### Refund (without withdrawal)

Case 1: no discount in original transaction.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account  (refund amount) | Revenue Account |
| Revenue Account | Refund Payment Account  (Actual refund amount) |

Case 2: no discount in original transaction. Apply refund charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account | Revenue Account |
| Revenue Account | Refund Payment Account  (Actual refund amount) |
| Customer Credit Account (A/P) |
| Customer Credit Account (A/P) | Refund Charge Account |

Case 2: Discount applied in original transaction.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account  (reduced revenue amount) | Revenue Account |
| Discount Account | Deferred Revenue Account |
| Revenue Account | Refund Payment Account  (Actual refund amount) |
| Customer Credit Account (A/P)  (reduced discount amount) |
| Customer Credit Account (A/P)  (Reduced discount amount) | Discount Account  (reduced discount amount) |

\*For a percentage discount:

Reduced revenue amount = Actual refund amount (exclude refund charge) / (1 – % based Discount )

\*For a fixed discount:

System will calculate the percentage portion of the fixed discount. In addition to this, same as the percentage discount.

#### Refund for Withdrawal

Case 1: no discount in original enrollment.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Refund Payment Account  (Refund amount) |
| Revenue Account  (unpaid amount) | Future A/R  (unpaid amount) |

Case 2: Discount applied to original enrollment

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | Deferred Revenue Account | Revenue Account |
| Discount Account | Deferred Revenue Account |
| Revenue Account | Refund Payment Account  (Refund amount) |
| Customer Credit account (A/P) |
| Customer Credit Account (A/P) | Discount Account |

#### Retain the amount owed after withdrawal

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | Deferred Revenue Account | Revenue Account |
| Revenue Account  (removed balance) | Future A/R  (removed balance) |

\*Finally, Revenue account will have a credit balance which is equal to the prorated amount.

\*When prorated amount > paid amount: Prorated amount – paid amount = Retained amount (No refund and the retained amount will be kept in pp.) Removed balance = original balance – prorated amount

\*When prorated amount = paid amount: No refund and all balance will be removed

\*When prorated amount < paid amount: Paid amount – prorated amount = Refund Amount (all balance will be removed)

#### Refund Payment and Retain Balance on Account

\*System will generate two transactions 1) Refund; 2) New Payment Plan for Balance

\*System forces the user to refund All paid amount.

\*The previous balance due will be cancelled after this type of transaction. Only the refunded amount is recorded in new payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Refund Payment Account  (paid amount) |
| Revenue Account  (unpaid amount) | Future A/R Account  (unpaid amount) |

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| New Payment Plan for Balance | Future A/R | Deferred Revenue Account |

### Financial Adjustment

#### Journal Entry

\*Journal Entry always debits Cash Account to offset the specified GL account. User cannot choose to use other payment accounts.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enter Journal into a GL account | Cash Account | The specified GL account |

#### Journal Transfer

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Journal transfer | The specified Debit GL account | Customer Credit Account (A/P) |
| Customer Credit Account (A/P) | The specified credit GL account |

### Customer Account Adjustment

#### Pay on account

#### Before the due date:

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Payment on Plan | Payment Account | Customer Credit Account (A/P) |

#### On the due date

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Payment on plan | Payment Account | Customer Credit Account (A/P) |

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Pay on account | A/R | Future A/R |
| Customer Credit Account (A/P) | A/R |

#### After the due date:

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Pay on account | Customer Credit Account (A/P) | A/R |

#### Transfer Balance

\*Transfer balance will not affect Deferred Revenue account. All the transferred balance will be post to revenue account directly.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust Account | Original Revenue Account  (transferred balance) | Future A/R Account |
| Payment account | User specified Revenue Account (transferred balance) |
| Future A/R |

#### Debit Account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Account Debit | Payment Account | Offsetting GL account |
| Future A/R |

#### Credit Account with offsetting G/L Account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Overpayment | offsetting GL account | Customer credit account (A/P) |

#### Credit Account without offsetting G/L Account

\*System disallow set up payment plan when credit account.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Overpayment | Payment Account | Customer Credit Account (A/P) |

#### Refund from account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Account Debit | Customer Credit Account (A/P) | Refund payment account |

### Reservation

#### Reserve and pay in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | Future A/R | Deferred Revenue Account |
| Paid on Account Balance | Payment Account | A/R |

#### Reserve pay part, payment plan on balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | Future A/R | Deferred Revenue Account |
| Payment on account | Payment Account  (paid amount) | A/R  (paid amount) |

#### Reserve payment plan on full balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reserve | Future A/R | Deferred Revenue account |

#### Make a payment

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Payment on plan | Payment Account | Customer Credit Account |

On or after the due date

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Payment on plan | A/R | Future A/R |
| Customer Credit Account | A/R |

#### Reserve (discount applied)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | Future A/R Account | Deferred Revenue account |
| Customer Credit Account (A/P) |
| Deferred Revenue Account | Customer Credit Account (A/P) |

#### Modify Permit Charge

Cancel balance due after permit cancellation

\*When a permit was cancelled, all the deferred revenue will be recognized immediately.

\*When a permit was cancelled, the balance will be cancelled as well.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Cancel balance due | Deferred Revenue Account  (All deferred revenue) | Revenue Account  (All deferred revenue) |
| Revenue Account  (unpaid amount) | Future A/R  (unpaid amount) |

Refund Permit Charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund paid amount | Revenue Account (Refund amount) | Refund payment account (Refund amount) |

#### Add new permit charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add a new charge | Future A/R | Deferred Revenue account |

#### Refund permit charges

\*If a permit charge has been partially paid, when you refund the total paid amount of this charge, then the balance of this charge will be removed. In fact, this charge will be removed from the permit.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund Permit Charges | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Refund Payment account  (paid amount) |
| Revenue account (unpaid amount) | Future A/R (unpaid amount) |

#### Claim Deposit

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Claim deposit | Deferred Revenue Account | Security Deposit Account |
| Security Deposit account (total amount) | Future A/R |
| Future A/R | Deferred Revenue Account |
| Future A/R | Deferred Revenue Account |

### Taxes

\*Related to ANE-95 (VERSION 13.1)

Design document: <http://sbs.active.com/docs/DOC-254790>

A new option will be added at financial configuration page called “Post tax when payment is due or collected”

* If checked, taxes will be recognized when the service is provided according to the existing deferral option.
* If unchecked, taxes will be recognized as revenue immediately when payment is due or collected, whichever comes first.

### Expense

\*After running the “Expenses – Post” process (Location: Front Desk > Financial > Expenses - Post), the expense transactions will be post to the journal ledger.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add a new charge | Expense GL Account | Expense Clearing GL Account |

### Void Receipt

\*The previous GL posting will be offset and hidden from journal ledger after a receipt is voided.

### Cancel Payment

#### Cancel payment

\*The payment plan that set up after payment cancellation cannot be post to deferred revenue. They are recognized immediately.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reverse Payment | Revenue Account | Payment Account (cancelled) |
| Reverse Payment | Future A/R | Revenue Account |
| A/R | Future A/R |

#### Apply NSF charge due to ECP decline

\*Auto Apply NSF charge: Only the amount paid by the ECP that was declined will be cancelled.

\*Manually apply NSF charge: The user can apply NSF charge to any payment types.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| NSF Charge | Future A/R | NSF charge GL account |
| A/R Account | Future A/R |

### Processing Fee

\*For online transactions, the convenience/transaction/credit card fees will not be post to Ledger. Ledgers are for organizations use so we shouldn’t record fees that Active charges there.

## Accrual A/R Off – Deferred Rev On T-Charts

(Precondition: The option “Use new method for cash-based A/R transactions” is unchecked.)

### Activity Registration and Daycare Program

#### Enrollment pay in full (Paid Amount = Total Charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account: cash, check, ECP, CC etc | Deferred Revenue Account |

Enrollment pay part, payment plan on balance (Paid Amount + Unpaid Amount= Total Charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (paid amount) | Deferred Revenue Account |
| Customer Credit Account (A/P)  (unpaid amount) | A/R Account  (unpaid amount) |

#### Enrollment payment plan on full balance (Unpaid Amount = Total Charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Customer Credit Account (A/P)  (unpaid amount) | A/R Account  (unpaid amount) |

Enrollment with Scholarship (Treat as payment)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (paid amount) | Deferred Revenue Account (total paid) |
| Scholarship Account  (discount amount) |
| Customer Credit Account (A/P)  (unpaid amount) | A/R Account  (unpaid amount) |

Enrollment with discount (Paid + Unpaid + Discount = Total charges)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll | Payment Account  (Paid amount) | Deferred Revenue Account |
| Customer Credit Account (A/P)  (discount amount) |
| Deferred Revenue  (discount amount) | Customer Credit Account (A/P)  (discount amount) |
| Customer Credit Account (A/P)  (unpaid amount) | A/R Account  (unpaid amount) |

Enrollment with scholarship (treat as discount)

* Exactly the same as the transactions with discount

Pay additional charge \*Additional charge cannot be deferred

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add additional charge | Customer Credit Account (A/P)  (additional charge applied) | A/R  (additional charge applied) |

### Activity Registration

Enroll with Deposit \*The deposit amount cannot be placed into payment plan.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Place Deposit | Payment Account  (Deposit amount) | Deferred Revenue Account  (Deposit amount) |

#### **Withdraw Deposit**

It consists of two types of transactions “Withdraw Deposit” and “Enroll from Deposit”

Withdraw Deposit

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw Deposit | Deferred Revenue Account | Customer Credit Account (A/P) |

#### **Enroll from Deposit**

Case 1: (pay part, the rest in payment plan)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |
| Customer Credit Account (A/P) | A/R Account |

Case 2: When the (Refund)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |

Case 3: (No Fee change)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll from Deposit | Customer Credit Account (A/P)  (deposit amount) | Deferred Revenue Account |

#### Transfer

It consists of two types of transactions “Transfer Out” and “Transfer In”

\*Similar to “Enroll from deposit”. The only difference is that during the “transfer” process, system user can manually adjust the refund amount (the amount to offset the new registration fee).

I would only give one example: transfer and pay extra fee.

If the original transaction was paid in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll (Amended to: Delete for Transfer Out) | Deferred Revenue Account | Revenue |
| Transfer Out | Revenue Account | Customer Credit Account (A/P)  (paid amount) |

If original transaction paid part, the rest in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll (Amended to: Delete for Transfer Out) | Deferred Revenue Account | Revenue |
| Transfer Out | Revenue Account (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| A/R Account (unpaid amount) | Customer Credit Account  (unpaid amount) |

If original transaction paid nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer Out | A/R Account (unpaid amount) | Customer Credit Account  (unpaid amount) |

Transfer In: Pay part, the rest in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Transfer In | Payment account  (paid amount) | Deferred Revenue Account |
| Customer Credit Account (A/P) |
|  | Customer Credit Account (A/P) | A/R Account |

#### Activity Income Adjustment

\*The amount adjusted cannot be placed into payment plan.

\*Additional income cannot be deferred

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust activity income | Payment Account  (paid amount) | Revenue Account  (total revenue) |

#### Rollover

\*After running rollover process, system will automatically setup a payment plan for balance and due on current date.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Initial transaction is processed and pp is setup. | Customer Credit Account (A/P) | A/R Account |

#### Modify Enrollment

It consists of two types of transactions “Adjust for Modification” and “Modification”.

**Adjust for Modification**

If the original transaction was paid in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll (Amended to: Delete for Modification) | Deferred Revenue Account | Revenue Account |
| Adjust for Modification | Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |

If original transaction paid part, the rest in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enroll (Amended to: Delete for Modification) | Deferred Revenue Account | Revenue Account |
| Adjust for Modification | Revenue Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| A/R Account (unpaid amount) | Customer Credit Account  (unpaid amount) |

If original transaction paid nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust for Modification | A/R Account (unpaid amount) | Customer Credit Account (A/P)  (unpaid amount) |

Case 1: Make payment (paid in full)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |

Case 2: use payment plan, pay nothing

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Customer Credit Account (A/P) | A/R Account |

Case 3: use payment plan, pay part

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |
| Customer Credit Account (A/P) | A/R Account |

Case 4: no need to pay extra fee

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Modify Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |

### Daycare Program

\*Similar to Activity Registration. The difference is that a daycare enrollment usually involves several transactions. When the original enrollment is modified, it only has effect on the corresponding transaction.

#### Modify Enrollment

\*Pay in Full: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Payment Account | Deferred Revenue Account |

\* Set up payment plan: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Customer Credit Account (A/P) | A/R Account |

\* Pay part and set up payment plan: Keep the original bookings unchanged and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare Enrollment | Payment Account | Rev or Deferred Revenue |
| Customer Credit Account (A/P) | A/R Account |

\*Pay in Full: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Daycare Enrollment (after modification) | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Daycare Refund | Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge.) |
| Daycare Enrollment | Customer Credit Account (A/P) | Deferred Revenue Account |
| Payment Account |

\*Set up Payment Plan: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Daycare Enrollment (after modification) | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Daycare Refund | Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge.) |
| Daycare Enrollment | Customer Credit Account (A/P) | Rev or Deferred Revenue |
| Customer Credit Account (A/P)  (unpaid amount) | A/R Account  (unpaid amount) |

\*Refund: Remove the original bookings and add new bookings

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Daycare Enrollment (after modification) | Deferred Revenue Account  (transfer the unrecognized revenue) | Revenue Account |
| Daycare Refund | Revenue Account | Customer Credit Account (A/P)  (The amount that was used to offset the new enrollment charge) |
| Refund Account  (Refund Amount) |
| Daycare Enrollment | Customer Credit Account (A/P) | Rev or Deferred Revenue Account |

#### Add to Waiting List

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare waiting list | None | None |

#### Enroll from Waiting List

\*Same as enrollment process

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Daycare enroll from waiting list | Payment Account | Revenue and Deferred Revenue Account |

### Refunds

#### Refund (without withdrawal)

Case 1: no discount in original transaction.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Transaction  (After refund) | Deferred Revenue Account  (refund amount) | Revenue Account  (refund amount) |
| Refund | Revenue Account | Refund Payment Account  (Actual refund amount) |

Case 2: no discount in original transaction. Apply refund charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Transaction  (After refund) | Deferred Revenue Account  (refund amount) | Revenue Account  (refund amount) |
| Refund | Revenue Account | Refund Payment Account  (Actual refund amount) |
| Customer Credit Account (A/P) |
| Customer Credit Account (A/P) | Refund Charge Account |

Case 2: Discount applied in original transaction.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Transaction  (After refund) | Deferred Revenue Account  (reduced revenue amount) | Revenue Account |
| Discount Account | Deferred Revenue Account |
| Refund | Revenue Account | Refund Payment Account  (Actual refund amount) |
| Customer Credit Account (A/P)  (reduced discount amount) |
| Customer Credit Account (A/P)  (Reduced discount amount) | Discount Account  (reduced discount amount) |

\*For a percentage discount:

Reduced revenue amount = Actual refund amount (exclude refund charge) / (1 – % based Discount )

\*For a fixed discount:

System will calculate the percentage portion of the fixed discount. In addition to this, same as the percentage discount.

#### Refund for Withdrawal

Case 1: no discount in original enrollment.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Transaction  (After withdrawal) | Deferred Revenue Account | Revenue Account |
| Withdraw | Revenue Account  (Refund amount) | Refund Payment Account  (Refund amount) |
| A/R Account  (unpaid amount) | Customer Credit Account (A/P) (unpaid amount) |

Case 2: Discount applied to original enrollment

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Transaction  (After withdrawal) | Deferred Revenue Account | Revenue Account |
| Discount Account | Deferred Revenue Account |
| Withdraw | Revenue Account | Refund Payment Account  (Refund amount) |
| Customer Credit account (A/P) |
| Customer credit account (A/P) | Discount Account |
| A/R Account  (unpaid amount) | Customer Credit Account (A/P) (unpaid amount) |

#### Retain the amount owed after withdrawal

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Withdraw | A/R  (removed balance) | Customer Balance Account(A/P) (re moved balance) |

\*Finally, Revenue account will have a credit balance which is equal to the prorated amount.

\*When prorated amount > paid amount: Prorated amount – paid amount = Retained amount (No refund and the retained amount will be kept in pp.) Removed balance = original balance – prorated amount

\*When prorated amount = paid amount: No refund and all balance will be removed

\*When prorated amount < paid amount: Paid amount – prorated amount = Refund Amount (all balance will be removed)

#### Refund Payment and Retain Balance on Account

\*System will generate two transactions 1) Refund; 2) New Payment Plan for Balance

\*System forces the user to refund All paid amount.

\*The previous balance due will be cancelled after this type of transaction. Only the refunded amount is recorded in new payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original Enroll  (after refund) | Deferred Revenue Account  (refund amount) | Revenue Account  (refund) |
| Refund | Revenue Account  (paid amount) | Refund Payment Account  (paid amount) |
| A/R Account  (unpaid amount) | Customer Credit Account (A/P)  (unpaid) |

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| New Payment Plan for Balance | Customer Credit Account (A/P) | A/R Account |

### Financial Adjustment

#### Journal Entry

\*Journal Entry always debits Cash Account to offset the specified GL account. User cannot choose to use other payment accounts.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Enter Journal into a GL account | Cash Account | The specified GL account |

#### Journal Transfer

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Journal transfer | The specified Debit GL account | Customer Credit Account (A/P) |
| Customer Credit Account (A/P) | The specified credit GL account |

### Customer Account Adjustment

#### Pay on account

#### No matter before or after the due date:

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Paid on Account Balance | A/R Account | Customer Credit Account (A/P) |
| Payment Account  (paid amount) | Deferred Revenue Account  (paid amount) |

#### Transfer Balance

\*Transfer balance will not affect Deferred Revenue account. All the transferred balance will be post to revenue account directly.

#### Transfer balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Original transaction (after transfer balance) | A/R Account  (transferred balance amount) | Customer Credit Account (A/P)  (transferred balance amount) |

Pay part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Adjust Account | A/R Account  (transferred amount) | Customer Credit Account (A/P)  (transferred amount) |
| Customer Credit Account (A/P)  (unpaid amount) | A/R Account  (unpaid amount) |
|  |  |
| Payment account  (paid amount) | User specified Revenue Account (paid amount) |

#### Debit Account

Pay part, balance in payment plan

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Account Debit | Payment Account | Offsetting GL account |
| Customer Credit Account (A/P) | A/R Account |

#### Credit Account with offsetting G/L Account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Overpayment | offsetting GL account | Customer credit account (A/P) |

#### Credit Account without offsetting G/L Account

\*System disallow set up payment plan when credit account.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Overpayment | Payment Account | Customer Credit Account (A/P) |

#### Refund from account

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Account Debit | Customer Credit Account (A/P) | Refund payment account |

### Reservation

#### Reserve and pay in full

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | Customer Credit Account (A/P) | A/R Account |
| Paid on Account Balance | A/R Account | Customer Credit Account (A/P) |
| Payment Account | Deferred Revenue Account |

#### Reserve pay part, payment plan on balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | Customer Credit Account (A/P) | A/R Account |
| Paid on Account Balance | A/R Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| Payment Account | Deferred Revenue Account |

#### Reserve payment plan on full balance

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reserve | Customer Credit Account (A/P) | A/R Account |

#### Make a payment

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Payment on Account | A/R Account  (paid amount) | Customer Credit Account (A/P)  (paid amount) |
| Payment Account | Deferred Revenue Account |

#### Reserve (discount applied)

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation | Customer Credit Account (A/P) | A/R Account |
| Customer Credit Account (A/P) | Deferred Revenue Account |
| Deferred Revenue Account | Customer Credit Account (A/P) |

#### Modify Permit Charge

Cancel balance due after permit cancellation

\*When a permit was cancelled, all the deferred revenue will be recognized immediately.

\*When a permit was cancelled, the balance will be cancelled as well.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Cancel balance due | Deferred Revenue Account  (All deferred revenue) | Revenue Account  (All deferred revenue) |
| A/R  (unpaid amount) | Customer Credit Account (A/P)  (unpaid amount) |

Refund Permit Charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund paid amount | Revenue Account (Refund amount) | Refund payment account (Refund amount) |

#### Add new permit charge

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add a new charge | Customer Credit Account (A/P) | A/R |

#### Refund permit charges

\*If a permit charge has been partially paid, when you refund the total paid amount of this charge, then the balance of this charge will be removed. In fact, this charge will be removed from the permit.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Refund Permit Charges | Deferred Revenue Account | Revenue Account |
| Revenue Account  (paid amount) | Refund Payment account  (paid amount) |
| A/R (unpaid amount) | Customer Credit Account (A/P) |

#### Claim Deposit

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reservation (after claim deposit) | A/R Account | Customer Credit Account (A/P) |
| Customer Credit Account (deposit) | A/R Account |
| Customer Credit Account (A/P)  (claim charge) | A/R Account |
| Paid on Account Balance  (recognize deposit) | Deferred Revenue | Revenue Account |
| Refund Permit Charges | Revenue Account | Customer Credit Account (A/P) |
| Paid on Account Balance  (deposit charge) | A/R | Customer Credit Account (A/P) |
| Customer credit account (A/P)  (deposit charge) | Deferred Revenue Account |
| Paid on Account Balance  (claim charge) | A/R | Customer Credit Account (A/P) |
| Customer credit account (A/P)  (claim charge) | Deferred Revenue Account |

### Taxes

\*Related to ANE-95 (VERSION 13.1)

Design document: <http://sbs.active.com/docs/DOC-254790>

A new option will be added at financial configuration page called “Post tax when payment is due or collected”

* If checked, taxes will be recognized when the service is provided according to the existing deferral option.
* If unchecked, taxes will be recognized as revenue immediately when payment is due or collected, whichever comes first.

### Expense

\*After running the “Expenses – Post” process (Location: Front Desk > Financial > Expenses - Post), the expense transactions will be post to the journal ledger.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Add a new expense | Expense GL Account | Expense Clearing GL Account |

### Void Receipt

\*The previous GL posting will be offset and hidden from journal ledger after a receipt is voided.

### Cancel Payment

#### Cancel payment

\*The payment plan that set up after payment cancellation cannot be post to deferred revenue. They are recognized immediately.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| Reverse Payment | Revenue Account | Payment Account (cancelled) |
| Reverse Payment | Customer Credit Account (A/P) | A/R Account |

#### Apply NSF charge due to ECP decline

\***Auto Apply NSF charge:** when the amount paid by ECP that was declined due to NSF, system will automatically cancel the payment and take NSF charge.

\***Manually apply NSF charge:** The user can apply NSF charge to any payment types.

|  |  |  |
| --- | --- | --- |
| Annotation | Debit | Credit |
| NSF charge | Customer Credit Account | A/R Account |

### Processing Fee

\*For online transactions, the convenience/transaction/credit card fees will not be post to Ledger. Ledgers are for organizations use so we shouldn’t record fees that Active charges there.

## Reference websites and documents

<http://www.accountrain.com/debit_credit.html>

<http://blog.accountingcoach.com/aging-accounts-receivable-bad-debts/>

<http://www.wisegeek.com/what-is-an-accounting-period.htm>

<http://www.ehow.com/facts_5561011_general-ledger-transaction.html>